New York State Comptroller
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Hannibal Fire Company

Kartway Fundraising Activities

June 2026 | Report 2024M-14
Prepared by the Division of Local Government and School Accountability

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Audit Results

Hannibal Fire Company

Audit Objective

Did the Hannibal Fire Company (Company) Board of Directors (Board) provide oversight of Kartway racetrack (Kartway) fundraising activities?

Audit Period

March 1, 2017 – December 31, 2023

Understanding the Audit Area

A fire company board should provide oversight of fundraising activities conducted on fire company property to help ensure statutory compliance, establish accountability, safeguard the company's assets and its reputation and fulfill its fiscal responsibilities. In practice, oversight commonly includes requiring advanced approval of fundraising activities, maintaining detailed fundraising reports, documenting revenues and expenses, performing independent reviews of collections and deposits and reporting results to the membership and/or governing board.

From 2017 through 2022, the Company received approximately $25,000 from the Kartway fundraiser.

Audit Summary

The Board and Company officials did not comply with the statutory requirements set forth in New York State General Municipal Law (GML) Section 204-a when they engaged in a non-permissible fundraising activity known as Kartway, a go-kart racetrack that operated on Company property. In addition, the Board did not provide oversight or otherwise monitor Kartway's activities. Instead, the Board relied on an unincorporated "Association" to handle all racetrack operations and cash collections and did not require the Association to provide any financial reports. As a result, the Board failed to ensure statutory compliance and establish basic financial controls or accountability that resulted in at least $13,100 being misappropriated without detection and the Company's reputation being harmed.

Additionally, the Board did not:

- Develop any written policies or procedures for recording and reporting fundraising activities.
- Verify the Company had adequate liability insurance coverage to help protect the Company in the event there were injuries or damages during race events.

As of January 12, 2023, the Company dissolved the Kartway fundraiser and ceased all racing operations. In February 2024 the former fire Chief (former Chief) and his father, a volunteer firefighter, were arrested for allegedly stealing from the Company. The former Chief was charged with grand larceny in the third degree, offering a false instrument for filing in the first degree and falsifying business records in the first degree and his father was charged with grand larceny in the fourth degree. In May 2025, the former Chief pled guilty and agreed to pay $9,838 in restitution. In September 2025, the court dismissed the indictment against the former Chief's father on the grounds that it was legally insufficient. In May 2026, the former Chief was sentenced to three years' probation and paid full restitution.

The report includes five recommendations that, if implemented, will improve the Company's fundraising collection activities by helping the Board to ensure accountability, safeguard the Company's assets and fulfill its fiscal responsibilities. Company officials generally agreed with our recommendations and their response is included in Appendix C.

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

The Board has the responsibility to initiate corrective action. We encourage the Board 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 Board to make the CAP available for public review.

Kartway Fundraising Activities: Findings and Recommendations

In 2016, the Company membership approved the construction of a dirt go-kart racetrack on Company property. The purpose of the racetrack was to host go-kart races to serve as fundraising events for the Company. In 2017, the Company transferred funds totaling $35,000 from the Company's general fund to a separate Company bank account (known as the Kartway bank account) to be used for construction of the racetrack and for initial racing-related start-up costs.

Although the racetrack was located on Company property, Company officials allowed racing operations and maintenance of the racetrack to be managed by an unincorporated "Association", composed of volunteers, which included certain members of the Company.[1] The purpose of this arrangement was to establish a racing venue in the community while serving as a fundraising source for the Company.

The Company membership appointed the individual who was serving as the fire chief (former Chief) at that time, to serve as a communication liaison between the Company and the Association. The former Chief was also a member of the Association and handled much of the racing operations for the Association. Races were typically held on a Friday or Saturday evening from May through September of each year. While admission to the racing events was free for spectators, drivers were required to pay a race entry fee and their crew members (non-drivers) a pit pass fee and were provided a press-numbered wristband to enter the racing area adjacent to the racetrack. The Association was responsible for collecting the race entry and pit pass fees and remitting the funds to the Company as fundraising revenue.

A fire company board is responsible for providing general management of the affairs of the fire company and oversight of the fire company's fundraising activities. Moreover, the board must act in good faith and with a degree of diligence, care and skill which an ordinarily prudent individual would exercise under similar circumstances in like position.

Pursuant to GML Section 204-a, fire companies may conduct certain fundraising activities. However, they may not conduct a business or commercial enterprise as a fundraising activity for a period or periods that exceed a total of 90 days in any calendar year. Additionally, although a fire company may accept aid and assistance from individuals who are not active members of the fire company, GML 204-a(4) states that the fundraising activity must be under the exclusive sponsorship of a fire company and cannot be conducted in partnership with any other person, organization, firm or corporation.

To effectively manage fundraising activities, a fire company board should establish written policies and procedures to provide guidance to company officials and members and help ensure that all funds received are properly recorded and accounted for by the fire company. 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 B.

Finding 1 – Kartway was not a permissible fundraising activity.

The Board and Company officials did not comply with the statutory requirements set forth in GML Section 204-a when they engaged in the Kartway fundraiser and it was not a permissible fundraising activity. The Kartway racetrack was operated as an informal business enterprise and racing events were held over a four-month

1 An individual volunteer, affiliated with the unincorporated Association, filed a "doing business as" form with Oswego County for the purpose of transacting business operations for the Association, under the name of "Hannibal Kartway."

period each calendar year in 2018, 2019 and 2022.[2] These activities exceeded the 90-day limit established in GML 204-a. Additionally, the Company failed to serve as the exclusive sponsor of the fundraising activity, instead partnering with the Association, an informal outside organization, to run the racetrack operations. The Company also failed to comply with GML as it did not provide written notice to the Board of the Town of Hannibal of its intent to conduct the fundraising activity.

Although not legally required, the Board also did not perform a cost-benefit analysis prior to constructing the racetrack to help ensure undertaking the fundraising activity would be in the Company's best interest. Based on our review of deposits and disbursements in the Company's Kartway bank account from March 1, 2017 through December 31, 2023, the Company received $27,747 in revenues and paid approximately $45,743 in costs, for a total net loss of $17,996. While the COVID-19 pandemic may have contributed to a decline in revenues during the period, Company officials did not prepare an analysis of the anticipated revenues the Company expected to realize each year or the number of years it would take the Company to recover its initial capital costs to build the racetrack. Also, as discussed later in our report, the Board did not monitor Kartway revenues, and the Company did not receive all the fundraising revenues from the Association pursuant to the verbal agreement.

The former and current President told us that prior to our audit, they were unaware of the fundraising restrictions and requirements outlined in GML. The Board, however, has a statutory obligation to act in good faith and with a degree of diligence, care and skill which an ordinary prudent individual would exercise under similar circumstances. Had the Board exercised due diligence with respect to ensuring the Company was conducting fundraising activities in accordance with GML, the Board may have learned the activity was not permissible and avoided the $18,000 operating loss. After finally learning of the legal requirements, the Board and line officers decided to discontinue the Kartway fundraiser as of January 12, 2023 and cease all racing operations.

Recommendations

The Board and Company officials should:

1. Comply with GML Section 204-a for all fundraising activities.

2. Perform a cost-benefit analysis prior to undertaking any fundraising activity to help determine whether the activity would be in the Company's best financial interest.

Finding 2 – The Company did not receive at least $13,100 of fundraising revenues collected at the Kartway track.

The Board did not provide oversight of Kartway fundraising to help ensure the Company received all the fundraising revenue collected for race entry and pit pass fees. According to GML, fundraising activities are to be under the exclusive control of a fire company but a fire company is permitted to accept aid and assistance of individuals who are not active members of the fire company. However, the Board relied solely on the individuals affiliated with the Association to schedule and operate racing events, maintain the racetrack, maintain insurance coverage and collect funds related to Kartway operations. Receipts collected by the Association included:

- Entry and pit pass fees for drivers and their crews,[3]

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2 The 2020 and 2021 racing seasons were shorter due to the COVID-19 pandemic.

3 Race entry and pit pass fees varied based on "membership" in the Association. For example, an individual affiliated with the Association as a "member" paid a $20 race entry fee and $10 for a pit pass, while "non-Association members" paid a $25 race entry fee and $15 for a pit pass. The race entry fee allowed a driver entry into one race with additional races costing $10 for Association members and $15 for non-Association members.

- Transponder[4] rental sales,
- Food concession sales,
- Raffle proceeds,
- Association annual membership fees ($30 per person), and
- Sponsorship fees.

The Company's former President and former Chief, who served as a communication liaison between the Company and Association, told us that the Company and Association had a verbal understanding that race entry and pit pass fees, less the cost of liability insurance, were to be paid to the Company. The Association was to retain all other revenues collected and pay the operating costs for running the racetrack.

A member of the Association provided us with a document that outlined the arrangement that the Company would receive the revenues from race entry and pit pass fees. However, neither the Company, nor the members of the Association provided any written documentation to outline the duties and responsibilities of the Association or the Company for operating this fundraiser. The former President told us that the Board trusted the members of the Association to handle the racing operations and the Board did not consider establishing written documentation with the Association to formalize the arrangement. However, even if the fundraising operation was permissible the Board members failed to provide operational oversight or formalize the arrangements. As a result, the Company did not receive all funds it should have.

Although the Board did not comply with GML Section 204-a when it delegated the operation of this fundraiser to the Association, once the Board engaged in the fundraising activity, the Board had a general responsibility to provide the proper oversight and ensure appropriate internal controls and safeguards were in place. However, the Board did not develop any written policies or procedures for recording and reporting fundraising activities and instead relied on the members of the Association to handle all the financial activities related to the Kartway fundraiser. For example, the Board did not require the Association to maintain records to control and document race entry and pit pass sales, such as through the issuance of consecutively press-numbered tickets or passes, that would enable a reconciliation of the number of tickets or passes sold with the corresponding receipts and deposits. The Board also did not require the Association to provide the Company with:

- Race event schedules,
- Fundraising reports detailing the number and types of race entry and pit pass fees collected at each event (e.g., Association member and non-Association member drivers and non-drivers), and
- Proof of liability insurance coverage for the Company and compliance with related reporting requirements (also see Finding 3).

The former Chief directly deposited the Company's share of revenue into the Company's Kartway bank account and the only support provided to the Company was a deposit receipt from the bank showing the total deposit amount. Although the former Company President controlled this bank account, neither he nor the Board monitored deposits or questioned the Association when no deposits were made for extended periods during the racing seasons.

When races were held in 2017, bank activity shows that the Association made deposits into the Company's Kartway bank account after every one or two race events (See Appendix A, Figure 2). This continued through most of the 2018 racing season with the exception of the last two races held in September and October 2018, which had no corresponding deposits into the Company bank account through the remainder of 2018. The next deposit into the Company bank account was not made until after three additional race events were held in 2019. While deposits into the Company bank account were made more regularly through the rest of the 2019 season, the deposits dropped off significantly from 2020 through 2022. In fact, only one deposit totaling $2,739 was made during 2020, midway through the 2020 race season. The former Chief did not deposit any

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4 A transponder is an electronic device installed in each go-kart that is used to determine how much time it takes for the go-kart to complete a race.

collections into the Company bank account for races held during the 2021 and 2022 race seasons until he made a $3,639 deposit on October 17, 2022, which was after we began inquiring about the Kartway fundraiser during our audit.

Throughout our audit, the former Chief provided misleading and contradictory information concerning what records the Association maintained to track the amount of collections due to the Company. During our initial inquiries, the former Chief told us the Association did not have any cash collection records. After further discussions, he provided us with an electronic spreadsheet summarizing the collections for races held in 2021 and 2022. However, we determined this spreadsheet was inaccurate and it significantly understated the number of participating drivers and non-drivers and the related collections due to the Company.

According to the spreadsheet provided by the former Chief, the Company's share of the race entry fee and pit pass sales for the 2021 season (May through August) totaled $1,498 and $1,500 was paid to the Company. However, the only deposit the Association made into the Company's bank account during 2021 was a $1,500 deposit made on March 15, 2021, which was before the 2021 race season began (See Appendix A, Figure 2). Therefore, this deposit could not have been for 2021 races. While there was no documentation showing the source of the funds, the deposit was likely related to race fees collected during the 2020 season that were not previously remitted to the Company.

After subsequent interviews and corroboration with other Association members, we learned that cash collection records for each race event were initially maintained by the former Chief's mother and later his wife and the records for 2021 and 2022 were in the former Chief's possession. The former Chief's wife told us her records included a spreadsheet that details the fees collected for each event that she attached to the cash collections sheets she provided to the former Chief. The former Chief subsequently turned over all the Association records and funds he said he had in his possession, which included cash drawer summary sheets for 2021 and 2022 along with $2,039 in cash and checks. However, the detailed spreadsheets were not included. The cash drawer summary sheet for each race event summarized the number of racing participants (adult and minor drivers and non-drivers, volunteers) and the amount of cash on hand and available for deposit. The top of the cash drawer summary sheets also showed the first and the last press-numbered wristbands that were distributed at each race event (e.g., numbers 92101 – 92181). The number of wristbands recorded as distributed was generally consistent with the number of recorded race participants.

After obtaining the 2021 and 2022 cash drawer summary sheets, we compared them with the spreadsheet previously provided by the former Chief and determined that the former Chief's spreadsheet showed 587 fewer race participants than reflected on the cash drawer summary sheets and it understated the amount due to the Company for the two-year period by approximately $7,370. Therefore, we did not rely on the former Chief's spreadsheet for our audit testing.

We reviewed other available records to assess the amount of revenue collected by the Association for race entry fees and pit passes from 2020 through 2022.[5] We also determined the amount the Association paid to the racing organization for insurance and then compared the net revenue to the amount that was remitted to the Company. Based on available records, we determined the Company did not receive at least $13,100 in revenues that were collected by the Association for the Kartway fundraiser (Figure 1).

5 See Appendix D for our audit methodology.

Figure 1: Comparison of Revenue Collected vs. Deposited into the Company's Bank Account

Year	2020	2021	2022	Total
Total Revenues Collected	$9,720	$2,940	$11,385	$24,045
Less: Insurance Paid by Association	1,251	572	1,244	3,067
Total Revenue Due to the Company	**$8,469**	**$2,368**	**$10,141**	**$20,978**
Amount Remitted to Company (Deposits)	**$2,739**	**$1,500**	**$3,639**	**$7,878**
Shortage	**($5,730)**	**($868)**	**($6,502)**	**($13,100)**

Because the records did not identify which participants were Association members and which were non-members, when quantifying the race revenues collected by the Association, we used a conservative approach of applying the lower amount charged to Association members ($20 entry fee for drivers and $10 pit pass fee for non-drivers). The amount due to the Company would be greater if race entry fees and pit passes were sold to individuals who were non-Association members (i.e., $25 entry fee and $15 for a pit pass). Also, due to the limited records available, we did not test collections for 2017 through 2019. Had records been available for these years, it is possible we could have identified additional revenue due to the Company.

The former President told us that he trusted the Association to handle racing operations and the collection of revenues. Therefore, he did not ask for any records or reports showing the amount of funds collected by the Association and remitted to the Company. The lack of Board oversight provided the former Chief with an opportunity to misappropriate Company collections without detection. Had the former President and Board monitored this fundraising activity and required the Association to provide fundraising reports, they may have noticed that the Company was not receiving the agreed-upon revenue from the events that were held.

The former Chief told us that he used some of the race entry and pit pass revenues collected for the Company to pay costs incurred with operating the racetrack. However, the former Chief should not have unilaterally withheld revenues from the Company as this was not the agreement reached between the Company and the Association. In addition, while the former Chief provided us with copies of some invoices and copies of text messages indicating expenses incurred for Kartway operations, he did not provide adequate records showing that the Association's revenues from concessions, Association fees and other sources were not sufficient to cover the racetrack expenses. In July 2021 the former Chief discontinued using the Association's bank accounts to deposit the Association's revenues from race events and paid some expenses in cash, which further diminished the transparency of the Association's finances. Furthermore, if the Association was unable to generate sufficient revenues to pay for racetrack costs, the former Chief should have discussed this matter with the Board and considered alternative options rather than withhold funds from the Company.

Additionally, during our audit, we also learned that the Association sold $20 tickets for a raffle that was to take place in March 2020. According to the former Chief, the raffle did not occur due to the COVID-19 pandemic. However, the Association retained approximately $2,300 in raffle collections and did not return the funds to the individuals who purchased raffle tickets. In addition, shortly after we started our audit and began inquiring with Company officials about the Kartway fundraiser, another Association member, who is also the former Chief's father and the Vice President of the Company's Board, closed the Association's bank accounts on October 27, 2022, and transferred the balances, which totaled $2,522, to his personal bank account.[6]

6 This Association member was an authorized signer on the Association's bank accounts.

Recommendations

The Board should:

3. Adopt written policies and procedures for fundraising activities to ensure transactions are properly recorded, collections are deposited timely and fundraising reports are provided to the Board.

4. Routinely monitor and review the work performed by those who handle money related to fundraising activities.

Finding 3 – The Board did not ensure that the Company had appropriate liability insurance coverage.

The Company relied on the Association to maintain liability insurance coverage for the racetrack. Specifically, from 2019 through 2022, the Association obtained liability insurance coverage, in the name of "Hannibal Kartway," through a track insurance program run by a national racing organization (racing organization). The racing organization obtained a liability insurance policy (as the policy holder) to cover sanctioned racing events nationwide for member racetracks. As such, Hannibal Kartway was listed as an additional insured under the insurance policy of the racing organization. The insurance policy obtained by the racing organization included event liability and participant accident coverage subject to exclusions and policy provisions for claims or damages related to race events for the additional insureds listed on the policy.

To participate in the insurance program, the insurance provider required the Association to submit an event reporting form to the racing organization following each race detailing the date of the race, number of driver and nondriver participants and the required amount due for insurance (i.e., $3.15 per participant in 2020). The Association was also responsible for submitting signed valid driver and non-driver waiver and release of liability indemnity agreements. These documents along with payment for insurance were due to the racing organization within seven business days after the race.

The Board did not ensure the Company had the proper insurance coverage to protect its interests. We obtained certificates of liability insurance for the 2019 through 2022 calendar years from the racing organization's insurance agent. The certificates of liability insurance through this period listed both "Hannibal Kartway" and the former Chief as an additional insured on the liability insurance policy with coverage limits of $1 million. However, the Company owns the property on which the racetrack is located and the Company was not specifically listed as an additional insured on the policy. Therefore, it is unclear whether the Company would have been protected if claims had been filed for injuries or damages that occurred in connection with the racing events held on the Company's property.

In addition, the former Chief did not properly remit payments and report all race events to the racing organization for insurance purposes. For example, the former Chief told us he did not send event reporting forms and payment for the races held in 2022 until January 2023 (after we started our audit). However, a representative from the racing organization told us they had no records on file for these events, such as event reporting forms and signed waiver release forms. These forms are important for identifying the individual race participants and determining their eligibility for coverage in the event of any injuries or damages related to the races. The failure to file these forms placed the Association and Company at greater risk for potential liability.

Recommendation

5. The Board should ensure the Company has adequate liability insurance coverage for its fundraising activities.

Appendix A: Kartway Race Events and Deposits

Figure 2: Racing Events and Deposit Dates

2017

Race Date	Deposit Date
August 27	
	August 30
September 2	
September 8	
	September 19
September 24	
	September 26

2018

Race Date	Deposit Date
June 3	
June 17	
	June 22
July 5	
	July 11
July 27	
August 12	
	August 13
August 26	
	August 29
Setpember 7	
	September 10
September 14	
October 5	

2019

Race Date	Deposit Date
May 11	
June 1	
June 8	
	June 11
June 15	
	June 18
June 22	
July 13	
	July 18
July 26	
	July 30
August 10	
	August 28
September 4	
September 14	
	September 16

2020

Race Date	Deposit Date
June 13	
June 20	
June 27	
July 18	
	July 20
July 25	
August 1	
August 8	
August 21	
August 22	

2021

Race Date	Deposit Date
	March 15
May 15	
June 12	
July 31	
August 6	

2022

Race Date	Deposit Date
May 13	
May 20	
June 3	
June 10	
June 17	
July 8	
July 15	
July 29	
August 5	
August 12	
September 9	
September 16	
	October 17

Appendix B: Profile, Criteria and Resources

Profile

The Company is a not-for-profit corporation that provides fire protection services in the Town of Hannibal in Oswego County. The Company is composed of volunteer members (membership) and is governed by its certificate of incorporation, adopted bylaws and a membership-elected Board that includes: the President, Vice President, Secretary, Treasurer and two other members. The Board is responsible for overseeing the Company's operational and financial activities.

The Company's main sources of revenue are from a fire protection contract with the Town of Hannibal and fundraising activities. During the audit period, the Company had 31 active members.

Criteria

A fire company board is responsible for providing general management of the affairs of the fire company and oversight of the fire company's fundraising activities. Moreover, the board must act in good faith and with a degree of diligence, care and skill which an ordinarily prudent individual would exercise under similar circumstances in like position.

Pursuant to GML Section 204-a, fire companies may conduct certain fundraising activities to raise funds to be used for lawful purposes of the fire company. However, a fire company may not conduct a business or commercial enterprise as a fundraising activity for a period or periods that exceed a total of 90 days in any calendar year. Additionally, although a fire company may accept aid and assistance from individuals who are not active members of the fire company, GML 204-a(4) states that the fundraising activity must be under the exclusive sponsorship of a fire company and cannot be conducted in partnership with any other person, organization, firm or corporation.[7]

Before engaging in a fundraising activity, the fire company is required to provide written notification to the governing board of the political subdivision in which the fire company is under the general control of, (i.e., respective city, town, village or fire district), of the fire company's intent to conduct the fundraising activity. In accordance with GML, the governing board of the political subdivision may, by resolution, prohibit the fire company from engaging in a fundraising activity, or in any general or specific type of fundraising activity.

To effectively manage fundraising activities, a fire company board should establish written policies and procedures to provide guidance to company officials and members and help ensure that all funds received are properly recorded and accounted for by the fire company. It is a good internal control procedure to issue press-numbered tickets or passes for events and to reconcile the tickets or passes sold with the recorded collections and deposits. After each fundraising event, a fundraising report should be completed detailing the amounts collected and deposited. The fire company board should review the fundraising records and reports produced to verify whether they are accurate and whether the fundraising activity is meeting the expectations of the company.

7 The fundraising activity also may not be contrary to the fire company's bylaws, rules or regulations (see GML, Section 204-a).

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:

- *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 C: Response From Company Officials

The content below is a reproduced copy of the original response letter issued by Company officials and is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,[8] and may have included changes to spelling and grammar. The substance of the content was not changed.

Office of the State Comptroller

Division of Local Government and School Accountability
Syracuse Regional Office

Subject:

Hannibal Fire Company
Kartway Fundraising
Activities Report 2024M-14

The Hannibal Fire Company (the "Company") hereby submits its Corrective Action Plan (CAP) in response to the draft audit report issued by the Office of the State Comptroller (OSC) regarding Kartway fundraising activities. The Company acknowledges the findings presented and has undertaken substantial corrective actions to address the identified deficiencies and strengthen governance, financial oversight, and statutory compliance.

The Company is an independent not-for-profit corporation, incorporated in 1910, owned and governed by its membership through its elected Executive Board. The Company operates independently and is not subject to oversight from a town board or board of fire commissioners. Fire protection services are provided to the Town through a contractual agreement. Since the period under audit, the Company has implemented significant structural, procedural, and financial control improvements. These actions establish a comprehensive internal control framework aligned with OSC guidance and industry best practices.

The detailed Corrective Action Plan is attached herein.

Corrective Action Plan (CAP)

Finding 1 - Non-Permissible Fundraising Activity

The Kartway fundraising activity was discontinued on January 12, 2023. All fundraising activities are now conducted directly under Company control, formally approved, and managed by designated committees. Monthly financial reporting is required and documented. Formal policies governing fundraising have been implemented, and cost-benefit analysis will be performed for future activities.

Finding 2 - Financial Controls and Revenue Oversight

The Company has implemented a comprehensive financial control system including:

- Formation of a Financial Committee consisting of Executive Board officers and Chief Officers
- Weekly review of all bills and expenditures
- Two-signature requirement on all disbursements
- Mandatory review and initialing of financial statements by Executive Board members
- Use of an independent accounting firm utilizing **[Redacted]** for bookkeeping and financial reporting
- Monthly financial reporting for all fundraising committees

8 https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule

Formal written financial policies and procedures have been adopted governing all aspects of financial management, including collection, deposit, documentation, and reporting. These controls provide accountability, transparency, and segregation of duties. As of January 2023, currently in effect.

Finding 3 - Insurance Coverage

The Company has taken steps to ensure appropriate insurance coverage is in place for all activities. The Board will continue to verify that the Company is properly named as an insured party and that coverage is adequate prior to all events. Documentation will be maintained for audit purposes. As of January 2023, currently in effect.

Commitment

The Hannibal Fire Company remains committed to maintaining strong internal controls, ensuring compliance with applicable laws, and safeguarding Company assets. The implemented measures establish a sustainable framework for financial oversight and accountability.

Appendix D: 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 Association members and reviewed Company bylaws and meeting minutes to gain an understanding of Kartway fundraising activities and determine what records and reports were maintained and whether there were any contracts or written policies and procedures in place.

- We spoke with Company officials to determine whether the Company performed a cost-benefit analysis before pursuing the Kartway fundraising activity. We performed our own cost-benefit analysis by reviewing deposits and disbursements in the Company's Kartway bank account from March 1, 2017 through December 31, 2023 to determine whether the Kartway fundraiser was a profitable fundraising activity for the Company.

- We used event reporting forms for 2017 through 2020, cash drawer summary sheets for 2021 and 2022, and Association bank statements showing deposit descriptions to create a timeline of go-kart racing events held at Kartway from 2017 through 2022. We then compared known racing events that took place for these same years with the deposits into the Company's Kartway bank account to assess the amount and timeliness of remittances from the Association to the Company.

- We reviewed available records to determine the number of race participants for races held from 2020 through 2022. To complete the assessment for 2020, we obtained copies of the event reporting forms directly from the racing organization which showed the number of driver and non-driver participants reported for each race. During our review of the Association's bank account records and discussions with other parties, we determined three additional race events took place in August 2020 that were not reported to the racing organization and had no event reporting forms. One of these events, the Kartway COVID 500 race, was held over a two-day period. For this event, we obtained records showing the number of tickets sold from the vendor that sold the tickets online. For the other two events, we identified deposits into the Association's bank accounts with memo entries on the bank statements indicating the deposits were for the payment of insurance. Based on the deposit amounts and the insurance fee charged ($3.15 per person), we determined the number of participants for each race. For 2021 and 2022, we reviewed the cash drawer summary sheets to determine the number of driver and non-driver participants for each event.

- Based on the number of race participants identified in the previous step, we used the Association membership pricing (the lowest fees charged) to calculate the minimum amount of revenue that should have been collected for race entry fees and pit passes from 2020 through 2022. For the two events that did not have event reporting forms, we used the non-driver Association membership fee for all participants to quantify the minimum amount collected because we did not have a breakdown of drivers and non-drivers. We also used the Kartway COVID 500 race online ticket records to calculate the revenue due to the Company for that event. After determining the minimum amount the Company should have collected for events held each year, we subtracted the amounts paid to the racing organization for insurance to determine the net revenue that should have been remitted to the Company. We compared these amounts to the cash deposits made in the Company's Kartway bank account from January 1, 2020 through December 31, 2023 and calculated any shortages.

- For races that occurred in 2021 and 2022, we compared the number of adult and minor drivers and non-drivers indicated on cash drawer summary sheets to the number indicated on the former Chief's spreadsheet and documented discrepancies.

- We contacted the insurance agent for the racing organization's insurance program to obtain certificates of liability insurance related to the Kartway racetrack from 2019 through 2022 and to inquire about the insurance program and coverage for additional insureds on the racing organization's insurance policy.

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?

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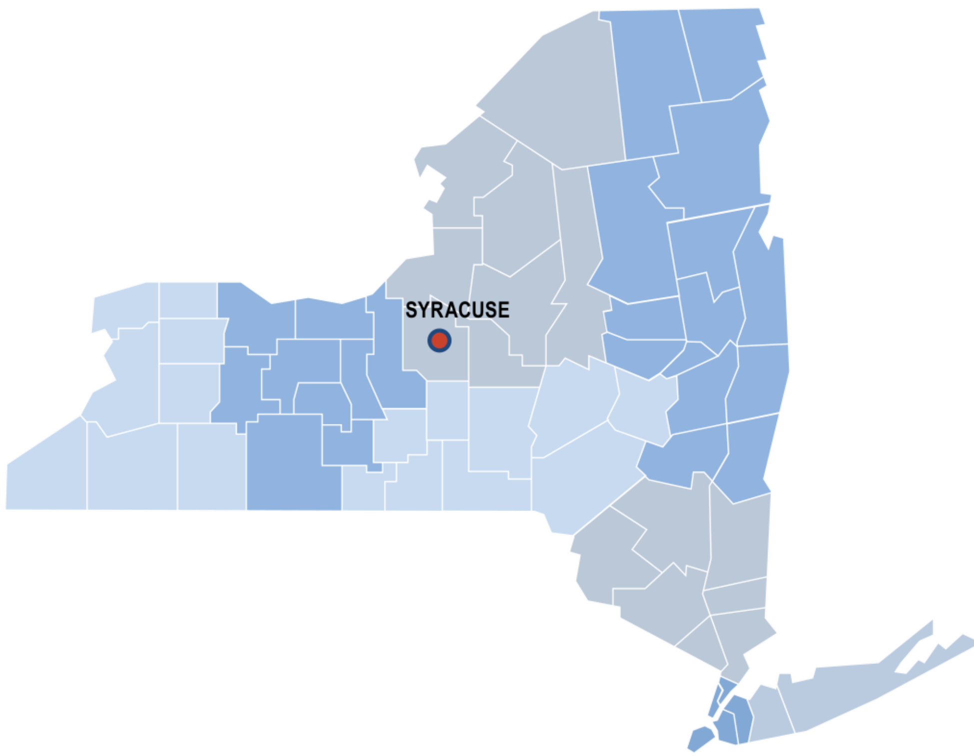

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