

New York State Comptroller
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Lockwood Volunteer Fire Department

Financial Activities

October 2026 | 2026M-76

Prepared by the Division of Local Government and School Accountability

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Audit Results

Lockwood Volunteer Fire Department

Audit Objective

Did the Lockwood Volunteer Fire Department (Department) officials ensure that financial activity was properly supported, authorized, recorded and reported?

Audit Period

April 1, 2024 – April 30, 2025. We extended the audit period back through March 30, 2024 to determine whether contractual fire protection collections were recorded in the accounting records.

Understanding the Audit Area

A fire department (department) treasurer should record and report financial transactions in a complete, accurate and timely manner to enable the department board of directors (board) and department membership to make informed decisions, prevent fraud or misappropriation of funds, comply with reporting requirements and maintain the public's trust. Accurate and timely records are essential for establishing financial accountability and proper financial management, enabling effective oversight by the board, department membership and taxpayers and protecting public funds. The board also must ensure that disbursements are adequately supported, for appropriate fire department purposes and authorized before payment.

Department disbursements totaled \$96,765 and fundraising and other collections totaled \$110,266 during the audit period.

Audit Summary

Department officials did not ensure that financial activities were properly supported, authorized, recorded and reported or provide the Department Board of Directors (Board) with complete, accurate and timely information needed to effectively oversee the Department's financial operations. As a result, the Board did not have reliable information on which to base financial decisions, and the Department had an increased risk that its resources could be wasted, misused or stolen. Although the financial activities that we reviewed were generally recorded in the accounting records, Department officials and the Department Membership (Membership) did not:

- Ensure that the Department Treasurer (Treasurer):
 - Maintained complete financial records and reports that supported collections and disbursements,
 - Provided accurate monthly financial reports to the Board and Membership that included monthly bank statements, bank reconciliations, canceled check images, support for the collections deposited and budget-to-actual variance reports.
- Ensure that the meeting minutes for the monthly Board and Membership meetings contained adequate details and documentation, such as the annual report presented to the Membership.
- Update the Department's bylaws or develop and enforce financial procedures.

In addition, officials did not maintain any documentation indicating that the Board conducted periodic financial audits of the Department's accounting records, or reported annually to the Membership. Furthermore, the Board and Membership did not ensure that the Treasurer filed the annual report for the Department's 2024

foreign fire insurance (FFI) tax proceeds with the New York State Office of the State Comptroller (OSC) and the 2024 annual Form 990 with the U.S. Internal Revenue Service (IRS).¹

Because the Treasurer did not perform monthly bank reconciliations, and no one reviewed bank statements and canceled check images, the Department had an increased risk that its resources could be wasted and stolen.

The report includes 11 recommendations that, if implemented, will strengthen Department officials' oversight of financial activities, improve the accuracy, completeness and reliability of the Department's financial records and reports, enhance accountability and help safeguard Department resources. District officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

This audit was conducted pursuant to Article V, Section 1 of the State Constitution and OSC's authority as set forth in Article 3 of the New York State General Municipal Law (GML). The audit's methodology and standards are included in Appendix C.

The Board and Membership have the responsibility to initiate corrective action. The Board is encouraged to prepare a written corrective action plan (CAP) that addresses the recommendations in this report and forward it to OSC within 90 days. For more information on preparing and filing the CAP, please refer to the OSC brochure, *Responding to an OSC Audit Report*, which was provided with the draft audit report. The Board is encouraged to make the CAP available for public review.

¹ The IRS uses Form 990 to obtain information about tax-exempt organizations, educate organizations about tax law requirements and promote compliance with the requirements. Organizations also use the form to share information with the public about their programs.

Financial Activities: Findings and Recommendations

Department bylaws require the Membership to manage the Department's affairs, which include conducting fundraising activities, reviewing and authorizing all claims before payment, and conducting a monthly review of the Treasurer's records. Department bylaws also require Department officials to develop and enforce administrative policies and procedures. These procedures should include controls to ensure that financial activities, including collections and disbursements transactions, are:

- Properly recorded and contain adequate supporting documentation.
- Reported to and authorized by the Membership monthly and annually.
- Accurately represented in annual financial reports that are filed with relevant agencies, such as the IRS.

Furthermore, adequate controls and policies must include a process to routinely monitor and review the work performed by those who handle Department funds, such as requiring Department members to issue duplicate press-numbered receipts when receiving collections, or using some other method to accurately document the source, date, amount and purpose of collections received.

The Treasurer is responsible for disbursing funds as authorized by the Board and Membership, depositing collections, maintaining complete, accurate records and reports that account for all funds, and submitting records and reports to the Board, Membership and relevant agencies. The Treasurer also should reconcile her records and reports with the cash balance for each bank account.

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

Finding 1 – Department officials did not ensure that financial activities were properly supported, authorized, recorded or reported.

We reviewed 52 deposits² of collections received totaling \$110,266 and 167 disbursements totaling \$49,685³ and determined that financial activities generally were recorded in the accounting records. However, collections were not always supported with sufficient documentation to reconcile with other records or bank information, or appropriately reported to and authorized by the Board and Membership.

Collections – The bylaws did not include written guidance for collections received from fundraising and other activities.⁴ Although officials used unwritten procedures for each fundraising event, the Board and Membership did not ensure that these procedures were adequate, written, formally adopted and enforced. We determined that four deposits totaling \$75,283 (of the 52 deposits totaling \$110,266) from the fire protection contracts and FFI tax proceeds were generally supported and recorded in the accounting records but were not reported to the Membership. Of the remaining 48 deposits totaling \$34,984⁵ (from fundraising and other activities), we identified deficiencies that included⁶:

2 Total deposits consisted of fire protection contract revenues totaling \$73,225, collections totaling \$34,984 from fundraising and other activities and FFI tax proceeds totaling \$2,057.

3 Refer to Appendix C for further information on our sample selections.

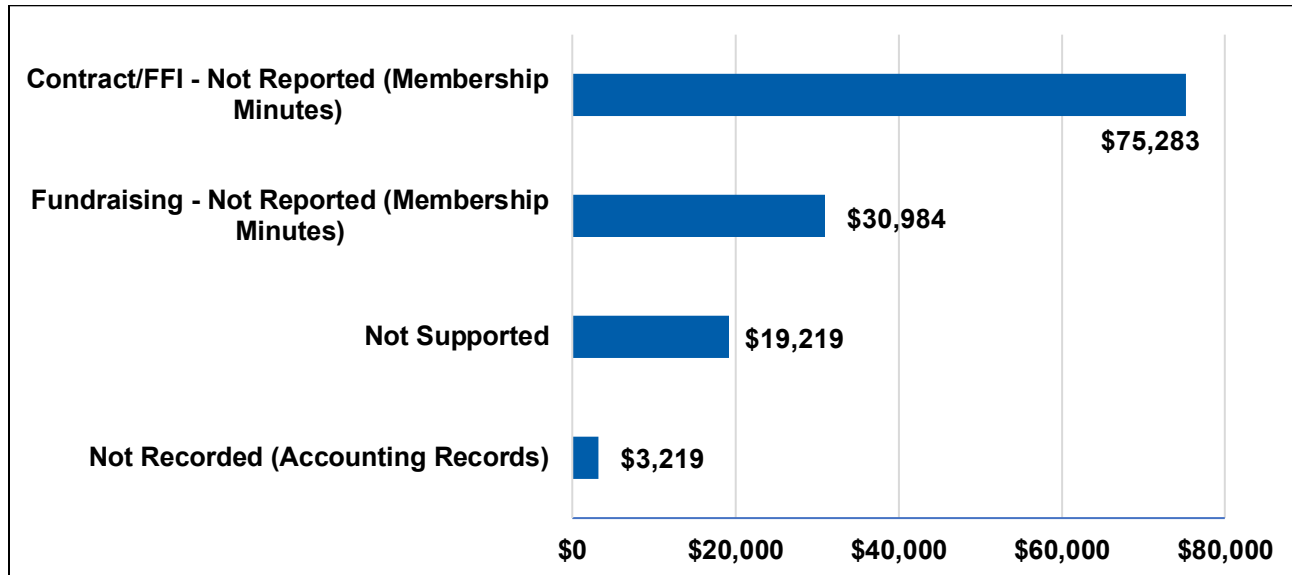
4 Such as proceeds from cardiopulmonary resuscitation (CPR) training classes, grants and donations

5 The sum of \$75,283 and \$34,984 do not add up to the total deposits reported of \$110,266 due to rounding.

6 Some of the deposits contained more than one deficiency.

- 45 deposits totaling \$30,984 were not reported to the Membership.
- 25 deposits totaling \$19,219 did not have supporting documentation that would enable officials to reconcile the amounts deposited with the amounts collected.
- Seven deposits totaling \$3,219 were not recorded in the accounting records (Figure 1).

Figure 1 – Fundraising and Other Collections Reviewed



There was no documentation available to determine whether the amounts deposited were reasonable and appropriate for the fundraising activities. For example, adequate support for a chicken barbeque fundraiser should generally include the number of chickens purchased and sold, but Department officials and the Membership did not maintain this type of documentation.

Because the Board and Membership did not provide adequate oversight over collections, the Department has an increased risk that errors or irregularities, including fraud and abuse, could occur and remain undetected. As a result, officials cannot ensure that all collections received were recorded and accurately reported and that the Department's financial information was accurate.

Disbursements – The Membership authorized the payment of claims by approving spending resolutions before goods and services were purchased. This authorization included a blanket resolution pre-approving the payment of recurring monthly bills and separate purchase resolutions for individual or like-item purchases. The majority of the resolutions were approved at the beginning of the fiscal year.

However, once the purchases were made, the Treasurer did not present claims to the Membership for review at the monthly meetings to verify whether they were appropriate and complied with the spending resolutions or whether payment amounts were accurate. Additionally, officials did not ensure that the amounts paid were recorded accurately in the accounting records, or monitor bank activity to ensure that only authorized amounts were spent.

We reviewed 167 disbursements totaling \$49,685 and determined that they generally were recorded in the accounting records. However, there was no indication in the meeting minutes of whether the Membership authorized 159 disbursements totaling \$48,444 for payment, as required by the Department's bylaws. The remaining eight disbursements totaling \$1,241 were recorded as authorized for payment in the Membership's meeting minutes. Furthermore, of the 159 disbursements not authorized for payment, 29 totaling \$9,239 also did not have a corresponding resolution authorizing the purchase. We also determined that:

- 94 disbursements totaling \$35,696 were not supported by an invoice, or other form of documentation, to verify that the purchases represented proper Department expenditures,⁷ even though the bylaws required these claims to include invoices signed by two members to confirm the receipt of the goods or services purchased.
- Of 20 checks that exceeded \$500, 17 totaling \$20,869 were not signed by two members, as required by the bylaws for check amounts exceeding \$500.
- During the audit period, the Treasurer processed 28 electronic vendor payments totaling \$5,917, transferred \$2,057 between bank accounts and withdrew cash totaling \$88. The bylaws and Department financial procedures did not provide guidance on these transactions, and the transactions did not have any documentation indicating that they were authorized by the Board or Membership.

Additionally, the Board and Membership did not review bank statements or canceled check images, and the Treasurer did not perform monthly bank reconciliations. We attempted to reconcile the bank accounts as of January 31, 2025 and determined that adjusted bank balances exceeded accounting record balances by approximately \$10,000.

These deficiencies occurred because the bylaws did not include adequate guidance. Also, the Board did not adopt adequate financial policies and procedures and did not ensure that officials and the Membership complied with the bylaws and existing policies and procedures. In addition, Department officials did not ensure that the minutes of monthly meetings and Department financial information were properly documented and reported to the Board and Membership.

One Board member told us that the Board conducted monthly reviews, which included a Board member periodically conducting a further review of the financial records at home. However, because the Board and Membership did not receive bank statements, canceled check images or bank reconciliations, we question the effectiveness of these reviews. Additionally, there was no documentation of the reviews in the Department's records, and our attempts to corroborate the Board member's assertion were unsuccessful.

Also, the Treasurer, Fire Chief and two Board members told us that there was turnover in the Fire Chief and Secretary roles in September 2024. They also told us that some of the supporting documentation may have been lost or misplaced during these transitions.

Furthermore, they said that the Membership was under the impression that the approval of the purchase resolutions met the requirement of performing a claims review. However, authorizing purchases by resolution does not allow the Board and Membership to verify whether disbursements are for the correct amounts, appropriate District purposes and are only for purchases authorized by the purchase resolutions, before they authorize the claims to be paid. In addition, without documentation to support disbursements and adequate Board and Membership oversight, the Department has a significantly increased risk that theft, improper payments and waste of Department resources could occur and remain undetected.

Recommendations

The Treasurer should:

1. Maintain accurate and complete financial records and submit accurate monthly financial reports to the Board and Membership that include adequate supporting documentation for collections and disbursements.
2. Present all claims to the Board and Membership for review at the monthly meetings.

⁷ According to the general checking register, these disbursements included payments for equipment repairs; food for firefighters; water for filling pools; heating fuel oil; vehicle fuel; kitchen and cleaning supplies; Internet, telephone, garbage removal services; reimbursements to officials for gasoline purchases; mileage reimbursements, vehicle parts; Halloween candy; office supplies; electric utilities and property maintenance supplies.

3. Ensure that all disbursements are adequately supported and properly authorized before making payments.
4. Prepare monthly bank reconciliations and ensure the balance in the accounting records agree to the adjusted bank balances.

Department officials and Membership should:

5. Review, update and enforce the bylaws and policies, and establish and monitor written policies and procedures to provide adequate oversight and clear guidance to the Membership for collections from fundraising and other activities and disbursements of Department funds.
6. Ensure that the meeting minutes for the Board and Membership monthly meetings include specific documentation regarding what was reviewed and authorized, all records and reports reviewed are retained with the minutes and ensure that the minutes of monthly meetings and Department financial information are properly documented and reported to the Board and Membership.
7. Ensure that all disbursements authorized for payment have a corresponding resolution authorizing the purchases.
8. Perform a thorough claims review before bills are paid to ensure that disbursed funds are accurate and for appropriate Department purchases.
9. Ensure that the Treasurer prepares monthly bank reconciliations and review the reconciliations, bank statements and canceled check images.

Finding 2 – Department officials did not ensure that financial reports were filed with appropriate agencies or reported to the Board and Membership.

The Treasurer did not file, and the Board and Membership did not ensure that she filed, required reports to appropriate external agencies. These reports included the Department's 2024 annual report of revenues, expenditures and balances related to the use of FFI tax proceeds which must be filed with OSC, as required by GML Section 30-a. The Treasurer also did not file the Department's 2024 Form 990 with the IRS.

One Board member told us that the Board was unaware that the Treasurer had not prepared or filed these reports. The Treasurer also told us that a local certified public accounting firm previously filed the IRS form, but she did not provide a reason for why she had not filed the most recent reports.

Also, the Fire Chief told us that the Treasurer provided an annual report to the Membership at the end of the calendar year, as required by the bylaws. However, the meeting minutes and Department records did not contain any documentation indicating that the Treasurer prepared annual reports or that the Board audited the records and reported annually to the Membership. The Treasurer, Fire Chief and two Board members told us that the meeting minutes were maintained by a former member who left the Department in September 2024. But there was no documentation indicating that the Board or Membership requested or reviewed these reports.

When Department officials do not comply with annual filing requirements, such as submitting the IRS Form 990, they unnecessarily put the Department's tax-exempt status at risk.⁸ In addition, the annual FFI report provides an accounting of FFI tax proceeds to the Board, Membership and other interested parties. Furthermore, when the Board does not report to the Membership annually, it increases the risk that the Membership will not be able to adequately assess the Department's financial operations.

⁸ The IRS may revoke the exempt status of any nonprofit that is required to file an annual return (Form 990, 990-N, 990-EZ or 990-F) but has not done so for three consecutive years.

Recommendations

The Treasurer should:

10. Prepare and submit the annual Form 990 to the IRS and the FFI report to OSC.

Department officials should:

11. Audit the Treasurer's records, report to the Membership as required by the bylaws and maintain proper supporting documentation of the audit.

Appendix A: Profile, Criteria and Resources

Profile

The Department is a not-for-profit organization with 30 volunteer members who provide fire protection and emergency services within the Town of Barton (Town) in Tioga County. The Department is governed by its bylaws and procedures, which were adopted by the Membership and implemented by the Board. The Membership is responsible for managing the Department's affairs, which includes reviewing and authorizing all claims before payment.

The elected seven-member Board is responsible for managing the Department's financial activities, which are funded primarily by a fire protection contract with the Town, FFI tax proceeds, grants, insurance refunds, donations and fundraising activities (such as renting tents, tables and chairs; filling pools; selling barbeque chicken dinners; holding boot drives, auctions and bottle and can redemption events; and presenting CPR classes). The Board also is responsible for adopting and enforcing administrative policies, conducting periodic financial audits and reporting the Department's annual financial activity to the Membership.

The Treasurer is responsible for maintaining the Department's accounting records and supporting documentation, preparing monthly bank reconciliations and reporting Department financial activities to the Board, Membership and relevant agencies, such as the IRS.

The Fire Chief is responsible for adopting policies to manage fire and EMS response calls. The Department's fiscal year begins April 1 and ends March 31.

Criteria

The bylaws require the Board to develop, adopt, monitor and enforce financial procedures to implement the policies developed by the Membership. The policies and procedures should include, at a minimum, a system of internal controls to help ensure that collections and disbursements transactions are properly supported, authorized recorded and safeguarded, financial reports are periodically reviewed and annual financial reports are filed in a timely manner. The Board also is required to meet monthly and conduct periodic financial audits.

The bylaws state that the Treasurer is responsible for disbursing funds as authorized by the Board and Membership. In addition, the Treasurer is responsible for maintaining complete and accurate records to account for all Department financial activities and should submit written monthly and annual reports to the Board. The Board and Membership should review these reports and the Department's financial records, bank statements and reconciliations to properly monitor Department operations.

Furthermore, the Board and Membership should review and authorize bills (i.e., claims) before they are paid to help ensure that claims are supported by adequate documentation, amounts to be paid are accurate and that funds are used for legitimate Department disbursements. Also, the Membership's authorization of claims to be paid should be documented in the meeting minutes.

New York State Not-for-Profit Corporation Law Chapter 35, Section 519 requires a fire department board to provide an annual report to the department members (at an annual meeting) that details the department's assets and liabilities, collections and disbursements for the year and includes the number of current members.

GML Section 30-a generally requires any entity (e.g., a fire department) that receives or disburses FFI tax funds to file an annual report with OSC that details the entity's collection and use of FFI tax proceeds.

Additional Resources

OSC's *Local Government Management Guides*, and other informational resources that are available on OSC's 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 OSC's 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, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*⁹ and may include changes to spelling and grammar. The substance of the content was not changed.

Lockwood Volunteer Fire Company

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Lockwood, NY 14859
607-598-2626

Board of Directors / Department Officials Response to Draft Audit Report

To the Office of the New York State Comptroller,

The Board of Directors and Department Officials of the Lockwood Volunteer Fire Department have received and thoroughly reviewed the draft audit report (*Financial Activities*, 2026M-76) for the period covering April 1, 2024 through April 30, 2025.

We accept the findings outlined in the audit report and agree with each point identified regarding the administration, documentation and reporting of our financial activities. The Board of Directors takes full responsibility for ensuring the financial integrity of the Department and is committed to implementing corrective measures immediately to resolve these issues, establish robust internal controls, and restore complete transparency for our Membership and community.

Below is our response to each audit finding, outlining the corrective actions the Board of Directors and Department Officials are taking:

Finding 1: Department Financial Activities Were Not Properly Supported, Authorized, Recorded, or Reported

The audit identified that financial operations suffered from inadequate supporting documentation, unrecorded deposits, unrecorded disbursements, and a lack of proper monthly review, claim authorization, check signatures, and bank reconciliations by the Treasurer and Board.

Board Statement & Corrective Action:

- **Agreement:** The Board agrees with this finding. We recognize that relying on unwritten procedures, incomplete records, and purchase resolutions without conducting a post-purchase claims review exposed the Department to financial risk.
- **Corrective Measures:**
 1. **Financial Records & Documentation:** The Treasurer will maintain complete, accurate accounting records and require proper supporting documentation – including itemized receipts, duplicate pre-numbered receipt books, and detailed event logs – for all collections and disbursements before processing.
 2. **Claims Review & Approval Process:** The Board and Membership will enforce a formal claims review process at every monthly meeting. Individual bills and invoices will be presented, reviewed, and matching invoices to original purchase resolutions.

⁹ <https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule>

3. **Check Signatures & Dual Controls:** The Board will strictly enforce the requirement that all checks over \$500 be signed by two authorized members. Written guidelines governing electronic vendor payments, account transfers, and debit/credit card usage will be established and monitored.
4. **Bank Reconciliations & Oversight:** The Treasurer will perform monthly bank reconciliations, matching accounting records to adjusted bank balances. The Board will review all monthly reconciliations, original bank statements, and canceled check images, ensuring these reviews are formally documented in the official meeting minutes.
5. **Bylaws & Policy Updates:** Department officials and the Board are actively reviewing and updating the Department's bylaws and financial policies to establish standard operating procedures for all fundraising activities and disbursements.

Finding 2: Financial Reports Were Not Filed with External Agencies or Reported to the Board and Membership

The audit identified that the Treasurer did not file the 2024 Foreign Fire Insurance (FFI) tax proceeds report with the Office of the State Comptroller (OSC), failed to file the 2024 Form 990 with the Internal Revenue Service (IRS), and failed to maintain documentation showing annual reports or audits were provided to the Membership.

Board Statement & Corrective Action:

- **Agreement:** The Board agrees with this finding. Maintaining our tax-exempt status and fulfilling statutory reporting obligations are essential duties that must be upheld.
- **Corrective Measures:**
 1. **Regulatory Filings:** The Treasurer is currently preparing the outstanding 2024 Form 990 for submission to the IRS and the 2024 FFI report for submission to the OSC. The Board will establish an annual compliance calendar to ensure all future filings are completed and verified on time.
 2. **Annual Audits & Reporting:** The Board of Directors will establish an annual audit committee to audit the Treasurer's financial records annually. The findings and detailed annual financial reports will be presented formally to the Membership at the annual meeting and documented in the official minutes in accordance with Department bylaws and New York State Not-for-Profit Corporation Law.
 3. **Record Retention:** The Secretary and Board will ensure all monthly meeting minutes, financial reports, and audit documentation are systematically archived and preserved through leadership transitions.

Moving Forward

A comprehensive, formal Corrective Action Plan (CAP) addressing each of the 11 recommendations in the report will be finalized by the Board of Directors and submitted to the Office of the New York State Comptroller within the 90-day window.

We appreciate the thorough review provided by the State Comptroller's audit staff and will use these findings as a blueprint to strengthen our fiscal operations and better serve the Lockwood community.

Respectfully submitted,

Board of Directors

Lockwood Volunteer Fire Department

Appendix C: Audit Methodology and Standards

OSC auditors obtained an understanding of internal controls that were deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of the work on internal controls, as well as the work performed in the audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed Department officials and reviewed the Department's bylaws, meeting minutes for the Board's and Membership's monthly meetings and financial records and reports for the audit period to gain an understanding of the Department's internal controls and determine whether financial activities were properly supported, authorized and recorded and that funds were safeguarded.
- We reviewed documentation supporting all collections totaling \$34,984 received from fundraising and other events that were deposited from April 1, 2024 through April 30, 2025. We traced the collections to available source documents (i.e., duplicate receipt books, truck logs, deposit composition tickets, signed cash envelopes, rental applications, pool fill waiver forms, the Fire Chief's pool fill spreadsheet, check stubs, can redemption support and ACH deposits). We then traced the collections to the accounting records (i.e., check registers), bank statement deposits and the Membership's meeting minutes to determine whether all collections received and deposited were accurately recorded, reported to the Membership, supported and deposited. We also verified whether ACH deposits from FFI tax proceeds totaling \$2,057 were appropriately transferred to the correct Department account during the audit period.
- We traced the fire protection collections totaling \$73,225 that were based on contracts for the 2024 and 2025 calendar years to the Department's bank statement deposits from April 1, 2024 through April 10, 2025, accounting records and the Membership's meeting minutes to determine whether the contract amounts were received, recorded, deposited and reported to the Membership during the audit period.
- We reviewed 167 disbursements totaling \$49,685 (which included reviewing canceled check images, electronic vendor payments, credit and debit card disbursements and a cash withdrawal) from a total of 185 disbursements totaling \$96,765 that were made during the audit period. We determined whether the disbursements were adequately supported, authorized by the Membership and/or Board, properly recorded, reported monthly to the Membership and were for appropriate Department purposes. These disbursements included:
 - 42 disbursements totaling \$29,713. We chose to review these disbursements to include the month with the largest dollar amount of total disbursements (November 2024) and the month in which total monthly disbursements were closest to the average monthly disbursement for the fiscal year (January 2025), according to the bank statements, for the Department's general and FFI bank accounts.
 - 58 disbursements totaling \$8,660 from the Department's credit and debit cards.
 - 25 disbursements totaling \$6,279 to vendors that possibly could provide goods and services for personal use, such as Internet services, electric utilities, heating oil, garbage collection and security service providers.
 - 33 disbursements totaling \$3,905 to the Department's fuel vendor.
 - Nine disbursements totaling \$1,127 to Department officials, such as the Treasurer, Fire Chief and Board members.
- We reviewed both transfers between Department bank accounts totaling \$2,057 during the audit period to determine whether they were authorized by the Membership and recorded in the accounting records.

- We interviewed Department officials to determine whether the Treasurer performed monthly bank reconciliations for both Department bank accounts and whether the monthly bank reconciliations were reviewed by the Board and/or Membership. We then prepared reconciliations for the bank accounts for January 2025 and compared them to the reconciled cash balance according to the accounting records (check registers). We also compared the cash balances, which the Treasurer reported monthly to the Membership, to the reconciled bank balances for both checking accounts during the audit period.
- We interviewed Department officials and reviewed available financial records and reports for the 2024 calendar year to determine whether the Treasurer filed the required annual report of revenues, expenditures and balances related to FFI tax proceeds with OSC and filed the Department's Form 990 with the IRS, as required.

OSC auditors conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. Auditors believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the 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?

BINGHAMTON REGIONAL OFFICE

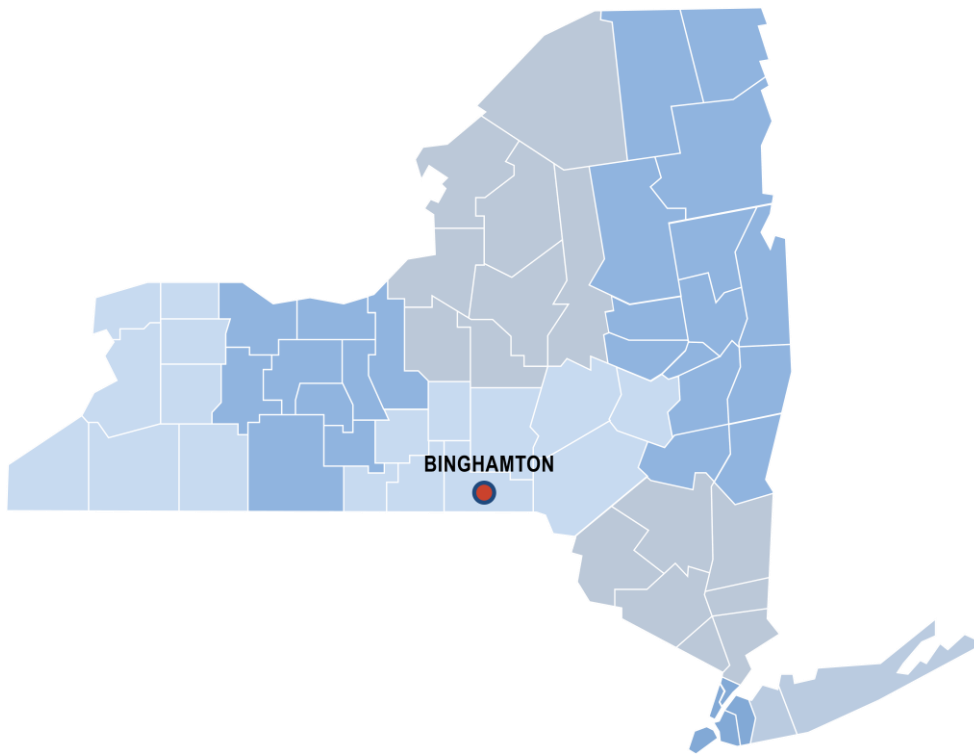
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