



# Ouaquaga Fire Company, Inc.

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## Company Operations

2025M-98 | January 2026

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# Audit Results



## Ouaquaga Fire Company, Inc.

Audit Objective	Audit Period
Did the Ouaquaga Fire Company, Inc. (Company) Board of Directors (Board) and membership operate the Company in accordance with its Certificate of Incorporation (Certificate) and provide adequate financial oversight of Company operations?	January 1, 2022 – February 28, 2025
Understanding the Audit Area	
<p>Operating a fire company in accordance with its Certificate and providing adequate financial oversight is critical for ensuring public trust and legal compliance. According to the Certificate, the Company's general purpose is to acquire and own fire apparatus and emergency equipment for use by the Company in the protection of individuals and property from injury, loss, damage or destruction by fire or other emergencies. The Certificate was amended in March 2023 to state that the Company was to have no less than three Directors and that some or all of the duties, responsibilities and obligations of the management of the Company could be vested in its membership.</p> <p>The Company's current revenue sources are Foreign Fire Insurance (FFI) tax proceeds, yearly rental income of \$13,000 for use of its facilities from the Colesville-Windsor Fire District (District) and periodic private donations.</p>	

## Audit Summary

Due to a lack of Directors,<sup>1</sup> the Board could not operate the Company in accordance with its Certificate. As a result, we question whether the Company is currently fulfilling its corporate purpose in accordance with its Certificate. Due to a lack of members actively participating in the Company, the Treasurer initiated and oversaw all financial operations of the Company without any oversight. Given this lack of oversight, the Treasurer also paid claims before approval by the Board or membership, did not maintain accurate and complete accounting records, and did not submit required reports to the New York State

<sup>1</sup> By the end of the audit period, the membership of the entire Company was composed of a total of three individuals (i.e., the Director/Treasurer, Director/Secretary and one volunteer firefighter). Through the remainder of this report, we refer to the Director/Treasurer as the Treasurer and the Director/Secretary as the Secretary.

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Office of the State Comptroller (OSC). As a result, the risk of theft and waste of Company resources significantly increased.

The Treasurer paid all 172 claims totaling \$185,900 before approval from the Board or the Company's membership. In addition, 40 claims, totaling \$43,100, did not have adequate supporting documentation such as an itemized invoice or receipt to verify that each disbursement was for a proper Company purpose. We also identified one claim, totaling \$11,800, which was paid twice for the same piece of equipment without a refund issued to the Company.

Furthermore, the Treasurer's cash balances in the accounting records were not accurate or complete, varying from our recalculated balance by \$15,000 as of February 28, 2025. The Treasurer also did not file the required annual report with OSC on the receipt and use of FFI tax proceeds for the 2023 or 2024 fiscal years. Lastly, the Treasurer did not maintain documentation to verify that the expenditure of FFI tax proceeds was approved by the membership.

The report includes 11 recommendations that, if implemented, will improve the Company's operations. Company officials generally agreed with our recommendations and their response is included in Appendix B.

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

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

# Company Operations: Findings and Recommendations

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In the case of an incorporated fire company, the board of directors is typically responsible for overseeing the fire company's operations, ensuring the purpose described in its certificate of incorporation is met and that the fire company is following its established bylaws. The Company's purpose as stated in its Certificate is to acquire and own fire apparatus and emergency equipment for use by the Company in the protection of persons and property from injury, loss, damage or destruction by fire or other emergency. The amended Certificate also provides that some or all of the duties, responsibilities and obligations of the management of the Company may be vested in the membership. Therefore, the Board, along with the Company's volunteer membership, are collectively responsible for overseeing the Company's financial operations to safeguard its resources. To fulfill this duty, it is essential that the Company establish a system of internal controls that consists of clearly defined responsibilities, including developing and segregating financial duties and helping to ensure:

- Effective oversight of financial operations.
- Funds are safeguarded and transactions are supported, appropriate, approved and accurately recorded in the accounting records.
- Adequate and accurate financial reports are prepared and filed in a timely manner.
- FFI tax proceeds are spent for appropriate purposes.<sup>2</sup>

More details on the criteria used in this report, as well as resources we make available to the Board and membership that can help them improve operations (Figure 3), are included in Appendix A.

## **Finding 1 – The Board and membership could not operate the Company in accordance with its Certificate due to lack of participation.**

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The Treasurer told us the Company stopped responding to fire calls in July 2023 due to a lack of membership participation which resulted in the District contracting with the Harpursville Fire Department and Windsor Fire Department (Departments) to provide fire protection for the territory previously covered by the Company. As such, the membership of the Company no longer used the fire apparatus and emergency equipment owned by the Company for the purpose of protecting persons and property from injury, loss, damage or destruction by fire or other emergencies.

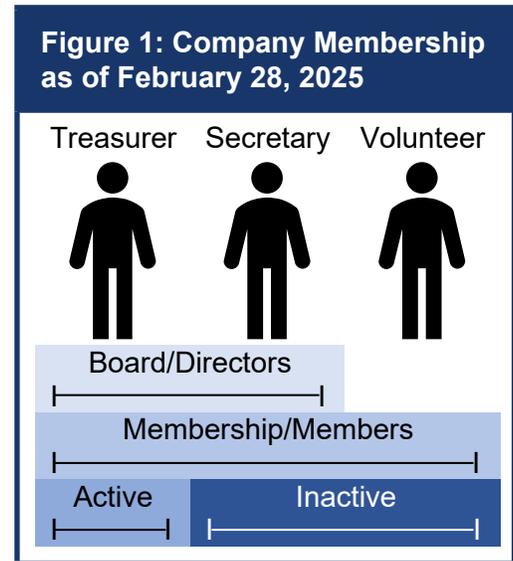
Instead, the Departments that contracted with the District provided fire protection, in part, by using the Company's assets (i.e., fire house and firefighting equipment). However, no written agreement or contract was made between the Company and Departments for use of the Company's assets by

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<sup>2</sup> In the absence of a special act, FFI tax proceeds received by a fire company are spent for a purpose that the membership of the fire company determines to be for the benefit of the fire company, provided the expenditure is not illegal or contrary to public policy. New York State General Municipal Law (GML) requires that a fire company treasurer file an annual report before March 1st with respect to the receipts, expenditures and balances of the FFI tax proceeds for the preceding calendar year.

the Departments. The Treasurer told us he did not consider creating a contract with the Departments. A written agreement or contract would have helped define expectations and safeguard the use of Company assets by the Departments.

Furthermore, by the end of the audit period, the membership of the Company was composed of three individuals (i.e., the Treasurer, Secretary and one volunteer firefighter), two of whom were not active participants in Company operations (Figure 1). The Treasurer told us the Secretary served on the Board through 2025. However, the Secretary had not participated in Company operations since 2023. The Treasurer also told us there are not enough residents interested in becoming volunteer firefighters to sufficiently staff the Company for firefighting and emergency responses and that the membership did not have enough individuals interested in forming a complete Board. Given the circumstances noted, we question whether the Company is fulfilling its corporate purpose.



## Recommendations

1. The Board and membership should consult with legal counsel to address whether the Company is currently fulfilling its corporate purpose in accordance with its Certificate.
2. If after consulting with legal counsel it is determined that the Company is currently fulfilling its corporate purpose in accordance with its Certificate, the Board should contract with the Departments for use of the Company's equipment to provide fire protection services.

## Finding 2 – The Board and membership did not provide financial oversight.

The Treasurer told us that, prior to 2023, the membership would vote to approve the payment of bills and sign bank statements affirming disbursements were proper. However, the meeting minutes that documented Board and membership participation or votes were discarded. Additionally, although the Treasurer told us that the Directors reviewed and signed the bank statements when meetings occurred, none of the 38 bank statements we reviewed included Director or member signatures to affirm a review of the disbursements had occurred.

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Furthermore, the Treasurer told us that the Company discontinued holding any meetings at some time in 2023, when the membership consisted of only three individuals (i.e., the Treasurer, Secretary and one volunteer firefighter), and the Treasurer was the only active member. Consequently, the Treasurer had complete control of the Company's administrative and financial operations. Finally, although the Company's bylaws required the Treasurer to present all bills to the membership for payment, in the absence of holding any monthly meetings, starting in 2023 and continuing throughout the audit period, this oversight provision for approving disbursements could not be met.

Claims – We examined all 172 claims paid during the audit period totaling \$185,900 to determine whether claims had adequate supporting documentation, were for a valid Company purpose and, to the extent the Board or membership were meeting, claims were approved by the Board or membership before payment. We determined that none of the 172 claims were approved by the Board or membership before payment. Additionally, we identified:

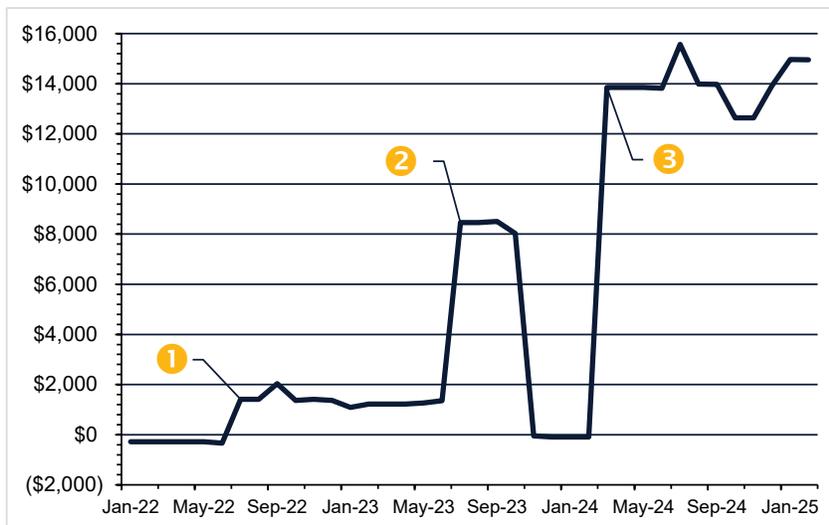
- 40 claims totaling \$43,100 (23 percent) that did not include adequate supporting documentation, such as an itemized invoice or receipt. Examples of these unsupported claims included purchases and services such as firefighting equipment totaling \$16,000, firehouse maintenance totaling \$13,240 and attorney fees totaling \$7,200.
- One claim for an equipment-drying cabinet totaling \$11,800 was paid twice and the vendor accepted both payments. This occurred because one invoice was sent to the Company fire house and the second invoice was sent to the Harpursville Fire Department, which then forwarded it to the Company for payment. The Treasurer was unaware he processed a duplicate payment, and the Company did not receive a refund.

These disbursements generally appeared reasonable and appropriate for firefighting purposes. However, the Treasurer told us a significant amount of these purchases were for equipment used by the Departments. Additionally, many of the Company's vendors provided goods or services that could also be used for personal purposes. Moreover, the Treasurer told us that the lack of volunteers resulted in no meetings or votes for claims approval since sometime in 2023 and that he misplaced some of the itemized invoices and receipts. Because the Treasurer had sole control of the claims auditing process, there is significant risk that errors or inappropriate transactions could occur and remain undetected. Additionally, when claims are paid in duplicate, the Company is expending funds for goods or services it has not received.

Accounting Records – The Treasurer did not maintain accurate, complete and timely accounting records. The Treasurer recorded receipts and disbursements in a handwritten spreadsheet. However, not all receipts and disbursements were recorded correctly and in a timely manner, so the cash balance was generally incorrect (Figure 2). Furthermore, the Treasurer documented two bank reconciliations during the audit period of 38 months. Therefore, the Treasurer did not know the accurate cash balances for the Company. In November 2023, the Treasurer's reconciliation identified \$8,900 in unrecorded FFI tax proceeds from July 2022 and 2023, which he subsequently recorded in his records. The Treasurer told us he compared bank account balances to accounting records every three months but did not regularly document this effort. Additionally, the Treasurer told us that when he identified discrepancies, he attempted to locate the issue but was not always successful. Had the Treasurer completed

reconciliations more frequently, he may have identified a \$15,000 check that was voided in March 2024 but recorded in the accounting records as a disbursement, or a \$1,100 disbursement for utilities that went unrecorded for 10 months.

**Figure 2: Cash Balance Variances (OSC Calculated Compared to Company Records)<sup>a</sup>**



- 1 July 2022: FFI tax proceeds totaling \$1,700 were deposited but went unrecorded until November 2023.
- 2 July 2023: FFI tax proceeds totaling \$7,200 were deposited but went unrecorded until November 2023.
- 3 March 2024: Firefighting equipment disbursement totaling \$15,000 was recorded in Company accounting records. However, the check was voided. A utility disbursement totaling \$1,100 went unrecorded until January 2025.

a) The Treasurer's accounting records included additional mathematical errors that are not specified in bullet points one through three.

**FFI Tax Proceeds and Financial Reporting** – The Treasurer did not maintain documentation to support that the membership approved expenditures of FFI tax proceeds. The Treasurer told us that all FFI tax proceeds totaling \$10,600 were used for appropriate purposes. However, he did not have documentation to support his claim. Additionally, we could not verify this because the FFI tax proceeds were commingled with other Company funds, along with a lack of separate accounting records for the FFI tax proceeds.

For instance, disbursement records indicated the Company paid \$900 in FFI tax proceeds in October 2024 to the Harpursville Fire Company, which provided fire protection services for a portion of the territory previously covered by the Company. However, there was no documentation to support that the membership approved the \$900 payment because the Treasurer told us meeting minutes were discarded. Moreover, we could not verify if or how the remaining \$9,700 in FFI tax proceeds received by the Company were used by the Company membership. Lastly, the Treasurer did not prepare or submit the 2023 and 2024 FFI annual report of receipt and use of FFI tax proceeds to OSC because he was not aware of the requirement set forth in GML. Based on these circumstances, there is an increased risk that the FFI tax proceeds received by the Company could be improperly used.

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## Recommendations

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In the event the Board is reestablished, or the membership holds meetings, the Board or membership should:

3. Conduct a thorough, deliberate and documented audit of each claim before approving payment.
4. Establish procedures to detect and prevent payment of duplicate claims. Such procedures could include reviewing prior months' disbursements and bank statements prior to processing claims.
5. Review monthly bank reconciliations and statements.

The Treasurer should:

6. Ensure that all disbursements are adequately supported and approved before making payments.
7. Review the duplicate payment identified in this report and seek reimbursement, if necessary.
8. Maintain accurate, complete and timely accounting records and prepare monthly bank reconciliations.
9. Separately account for FFI tax proceeds.
10. Disburse FFI tax proceeds after membership approval.
11. Prepare and submit the annual report of FFI tax proceeds to OSC annually, as required by GML Section 30-a.

# Appendix A: Profile, Criteria and Resources

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## Profile

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The Company is a not-for-profit organization, incorporated in 1947, that previously provided fire protection services for the Colesville-Windsor Fire District in Broome County.

As of March 2023, the Company had three Directors, who also served as officers of the Company (i.e., Second Assistant Vice President, Treasurer and Secretary). However, one Director subsequently passed away, leaving the Board with only two Directors. Furthermore, by the end of the audit period, the membership of the entire Company was composed of a total of three individuals (i.e., the Director/Treasurer, Director/Secretary and one volunteer firefighter). The Company ceased responding to firefighting calls on July 1, 2023.

## Criteria – Company Operations

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New York State Not-for-Profit Corporation Law (NFPCL) Section 402(a)(2) requires an entity to satisfy the corporate purpose established in its certificate. The Company's Certificate states that the Company's purpose is to acquire and own fire apparatus and emergency equipment for use by the Company in the protection of persons and property from injury, loss, damage or destruction by fire or other emergency. NFPCL Section 202(a) gives a corporation (e.g., a fire company) the authority to adopt bylaws relating to its operations, the conduct of its affairs and the powers of the directors and membership. The Certificate requires no less than three Directors.

## Criteria – Financial Oversight

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The fire company board and membership are responsible for overseeing the fire company's fiscal operations and safeguarding its resources. To fulfill this duty, it is essential that the fire company board and membership establish a system of internal controls which include policies and procedures to ensure that transactions are approved and properly recorded in a timely manner; that financial reports are accurate, reliable and filed in a timely manner; and that the fire company complies with its bylaws and applicable laws, rules and regulations. According to the Company's bylaws, the Treasurer may pay all authorized (i.e., approved) bills presented to the membership during the month.

The fire company treasurer is responsible for maintaining accurate, complete and timely records to account for all fire company financial operations and for preparing and submitting monthly and annual reports to the fire company board and membership for monitoring fire company operations. The fire company board and membership should also ensure that claims are supported by adequate documentation; vote to approve claims; review financial records, bank statements and reconciliations; and ensure that funds are used for legitimate fire company disbursements.

New York State (NYS) Insurance Law Sections 9104 and 9105 require certain out-of-state insurers to pay a tax on premiums written for insurance against loss or damage by fire on property located in NYS. In general, the treasurer or other fiscal officer of the fire company providing fire protection coverage to the insured property receives the FFI tax proceeds. FFI tax proceeds may be spent for any purpose that the membership of a fire company determines to be for the benefit of the fire company, provided the expenditure is not illegal or contrary to public policy. A company should separately account for FFI tax proceeds to ensure these funds are used in compliance with NYS Insurance Law Sections 9104 and 9105. GML Section 30-a also requires the fire company treasurer to file an annual report with OSC before March 1st with respect to the fire company’s receipts, expenditures and balances of the FFI tax proceeds for the preceding calendar year.

## Additional Company Operation Resources

**Figure 3: OSC Publications**

OSC <i>Local Government Management Guides</i> available on our website to help the Board and membership understand and perform their responsibilities and implement effective internal controls.		
<i>Fiscal Oversight Responsibilities of the Governing Board</i>	<i>Improving the Effectiveness of Your Claims Auditing Process</i>	<i>The Practice of Internal Controls</i>
<p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p><b>Fiscal Oversight Responsibilities of the Governing Board</b></p>  <p>Office of the New York STATE COMPTROLLER Thomas P. DiNapoli Local Government and School Accountability</p> <p>INTERNAL CONTROLS SERIES</p>	<p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p><b>Improving the Effectiveness of Your Claims Auditing Process</b></p>  <p>Office of the New York STATE COMPTROLLER Thomas P. DiNapoli Local Government and School Accountability</p> <p>INTERNAL CONTROLS SERIES</p>	<p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p><b>The Practice of Internal Controls</b></p>  <p>Office of the New York STATE COMPTROLLER Thomas P. DiNapoli Local Government and School Accountability</p> <p>INTERNAL CONTROLS SERIES</p>
<p><a href="https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf</a></p>	<p><a href="https://www.osc.ny.gov/files/local-government/publications/pdf/improving-the-effectiveness-of-claims-auditing-process.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/improving-the-effectiveness-of-claims-auditing-process.pdf</a></p>	<p><a href="https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf</a></p>

In addition, our website can be used to search for audits, resources, publications and training for Directors and membership: <https://www.osc.ny.gov/local-government>.

# Appendix B: Response From Company Officials

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**OUAQUAGA FIRE COMPANY INC.**

**PO BOX 5**

**WINDSOR, NY 13865**

**607-655-1039**

**AUDIT RESPONSES AND CORRECTIVE ACTION PLANS TO FINANCIAL AUDIT FROM  
JANUARY 1, 2022 TO FEBRUARY 28, 2025.**

**PREPARED 01/09/2026**

## **Number 01**

**Response:** The Ouaquaga Fire Company has seen it's membership diminish during the past several years. The response area is about two miles from the station in each direction along with a Fire Protection contract for area outside the two mile range in the Town of Windsor which is served under a Fire Protection Contract. It was decided by the members of he fire company to have the Board of Fire Commissioners to contract out the delivery of fire and rescue protection to neighboring departments. This has three members of the company (two inactive) and one active member. It was decided to have the treasurer handle the monies.

**Corrective active plan:** The Treasurer will meet with the departments attorney to discuss the acceptance of at least two now members to serve as administrative leaders, along with the existing member to approve bills and any legislation that comes before the Ouaquaga Fire Company Inc.

## **Number 02**

**Response:** If the Ouaquaga Fire Company Inc. is fulfilling by the attorneys definition of a legal organization the Fire Company should have a contract with the contracting agencies for the use of the equipment.

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**Corrective action:** The Windsor-Colesville now has been given the right to contract for fire protection. The contracts do have specific terms in them for the use of equipment during the contractual agreement. While the contracts do not list down to a spanner wrench, I believe it does cover the tools. New contracts will list specific items with an expected cost of \$500.00 and above.

**Number 3**

**Response:** In the event the Board of Directors is established with membership of three or more members the Board should do the following. Conduct a thorough and deliberate audit of each claim, with the exemption of the exempted bills.

**Corrective action:** The Ouaquaga Fire Company Inc. will have the members conduct a deliberate audit on bills covered before payment.

**Number 4**

**Response:** In the event the Board of Directors is established with membership of three or more members the Board should do the following. Conduct a thorough and deliberate audit of each claim, with the exception of the exempted bills.

**Corrective actions:**A procedure shall be established to prevent the payment of duplicate bills.

**Number 5**

**Response:** In the event the Board of Directors is established with membership of three or more members the Board should do the following. Conduct a thorough and deliberate audit of each claim, with the exemption of the exempted bills.

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**Corrective actions:** Review monthly bank reconciliations and statements.

**Note:** Items 6 thru 11 will be corrected.

**Number 6**

**Response:** The Treasurer should.

**Corrective action:** Procedures shall be developed to ensure bills are adequately supported for payment.

**Number 7**

**Response:** The Treasurer should.

**Corrective action:** Review any duplicate payments and seek to have them refunded.

**Number 8**

**Response:** The Treasurer should.

**Corrective action:** Maintain accurate and timely accounting records and prepare monthly statements.

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**Number 9**

**Response:** Prepare records to separately account for FFI tax proceeds

**Corrective action:** Prepare a record of the income and expenditures of the Foreign Fire Insurance account,

**Number 10**

**Response:** The Treasurer should.

**Corrective action:** The receipts shall be distributed with membership approval.

**Number 11**

**Response:** The Treasurer should.

**Corrective action:** The treasurer shall prepare and submit an annual of the FFI tax to the state Comptroller annually.

Jerry Clark

Ouaquaga Fire Company

PO Box 5

Windsor, NY 13865

# Appendix C: Audit Methodology and Standards

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

- We interviewed the Treasurer and reviewed the Company's Certificate and bylaws to gain an understanding of the Company's operating procedures and processes.
- We reviewed all 172 claims totaling \$185,900 from January 1, 2022 through February 28, 2025 and compared them to supporting documentation, including invoices and receipts, and canceled check images to determine whether disbursements were adequately supported, for proper Company purposes and approved.
- We reviewed the Treasurer's accounting records from January 1, 2022 through February 28, 2025 to determine whether the records were accurate and complete for operations that occurred in the Company's bank account and to determine whether bank reconciliations were performed and were accurate. We recalculated cash balances and compared them to the Company's recorded cash balances to identify any discrepancies in the Treasurer's accounting records.
- We reviewed Company records to determine whether FFI tax proceeds were used appropriately for 2022 through 2024 and were approved by the membership.
- We reviewed the 2023 and 2024 annual reports of receipt and use of FFI tax proceeds to determine whether the Treasurer submitted the required reports.

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.

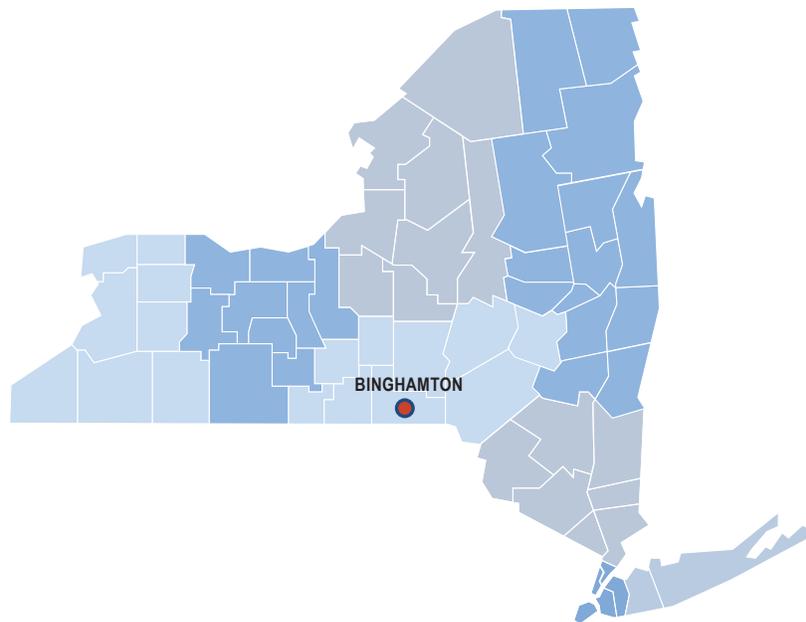
## Contact

**BINGHAMTON REGIONAL OFFICE** – Lucas S. Armstrong, Chief of Municipal Audits

State Office Building, Suite 1702 • 44 Hawley Street • Binghamton, New York 13901-4417

Tel (607) 721-8306 • Fax (607) 721-8313 • Email: [Muni-Binghamton@osc.ny.gov](mailto:Muni-Binghamton@osc.ny.gov)

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