

New York State Comptroller  
THOMAS P. DiNAPOLI

# Rushville Hose Company, Inc.

Financial Oversight

May 2026 | 2026M-16

Prepared by the Division of Local Government and School Accountability

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# Audit Results

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## Rushville Hose Company, Inc.

### Audit Objective

Did the Rushville Hose Company, Inc. (Company) Board of Trustees (Board) and membership provide adequate oversight of financial operations?

### Audit Period

January 1, 2024 – January 5, 2026

### Understanding the Audit Area

The Board and membership must provide adequate oversight of financial operations to ensure that Company funds are managed with accountability, transparency and integrity. A lack of oversight can lead to mismanagement, fraud, damaged reputation and jeopardize a fire company's funding and its mission.

From January 1, 2024 through October 31, 2025, the Company's revenues and redeposited startup cash<sup>1</sup> totaled \$66,135 and disbursements totaled \$43,498.

### Audit Summary

The Board and membership did not provide adequate oversight of financial operations, enforce the limited financial provisions in the Company's bylaws, or adopt adequately detailed written bylaws to provide guidance to the Company Treasurer (Treasurer) for recording and reporting financial transactions. The Board did not ensure that the Treasurer's financial duties were adequately segregated and did not monitor the Treasurer's work to provide compensating controls. As a result, unsupported and unapproved disbursements were made, and the Company had an increased risk that errors and irregularities could go undetected and uncorrected, which could result in theft, waste and abuse of Company resources.

The Treasurer submitted monthly reports, with detailed bank account balances and monthly income (revenue) and expenses (disbursements), to the Board each month, and the Board annually reviewed the Treasurer's manual ledger. However, the Board did not regularly review bank statements and supporting revenue and disbursement documentation. Also, the Treasurer did not provide canceled check images to the Board for review. Therefore, the Board and membership did not review necessary financial information to help ensure that the Company's financial operations were authorized, adequately accounted for, recorded and reported. As a result, the Board and membership were unaware that the Treasurer did not maintain adequate supporting documentation for 35 deposited revenue collections (50 percent) totaling \$9,849.

In addition, although we determined that 21 check disbursements totaling \$6,489 that exceeded \$100 were adequately supported, 14 (67 percent) of these totaling \$4,289 were not approved by the membership before they were paid. Furthermore, we reviewed 53 debit card purchases totaling \$10,323 that exceeded \$100 and determined that 52 purchases (98 percent) totaling \$9,896 were not approved by the membership before they were paid, and seven debit card purchases for rescue equipment, food and fundraising supplies totaling \$1,451 did not contain adequate supporting documentation.

The report includes eight recommendations that, if implemented, will improve the Board and membership's financial operations oversight. Company officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

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<sup>1</sup> This is cash used at the beginning of fundraisers, generally needed to make change, and redeposited after the event's end.

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

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.

# Financial Oversight: Finding and Recommendations

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A fire company's board of trustees (board) and membership are responsible for overseeing the fire company's financial activities to safeguard its resources. To fulfill this duty, a board and membership should establish a system of internal controls that include clearly defined and enforced bylaws and policies and procedures that segregate financial duties to ensure that one individual does not control all aspects of financial transactions (i.e., collecting, recording, depositing and disbursing cash). These controls also should help ensure that fire company officials:

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

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

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

The Company's bylaws were not sufficiently detailed to provide guidance for all financial operations. For example, the bylaws did not adequately segregate financial duties or require Company officials to provide effective compensating controls, such as reviewing bank statements, canceled check images and bank reconciliations and comparing reported revenues and disbursements to supporting documentation (e.g., duplicate receipts, deposit slips and invoices). Also, the Board and membership did not enforce all the bylaws' financial provisions. As a result, the Treasurer, who was not bonded,<sup>2</sup> performed all financial duties with minimal oversight.

The Treasurer provided the Board and membership with written monthly and annual reports that included beginning and ending bank balances and total revenues and disbursements in a timely manner. While the Treasurer told us that he makes the bank statements, bank reconciliations and manual ledger available at the monthly membership meetings, the Board and membership did not regularly review this information. Furthermore, the Treasurer did not provide canceled check images with this information because canceled check images were not included on the bank statements.

Also, two Trustees told us that the Board's annual review of the Treasurer's manual ledger did not include reviewing and comparing the ledger to the bank statements, canceled check images, supporting documentation for revenues and disbursements, or the annual report, because the Board was unaware of the importance of reviewing this documentation. As a result, the Board and membership did not ensure that the Company's financial operations were adequately accounted for, recorded and reported.

**Unsupported Deposits** – We reviewed 46 deposits, which included 70 revenue collections totaling \$59,749 made from January 1, 2024 through October 31, 2025, and determined that the Board and membership did not ensure that the Treasurer maintained adequate supporting documentation for 35 deposited revenue collections

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<sup>2</sup> Bonding insurance helps protect the Company from losses resulting from dishonest acts or other unfaithful performance of duties by Board members, Company officers and members. All Company members who are responsible for handling cash or using debit cards should be bonded.

(50 percent) totaling \$9,849. These deposits did not have adequate supporting documentation because the Treasurer did not issue duplicate receipts for all revenue collections.

Because the Treasurer opens the Company's mail and collects all revenues, no one independently records revenues received (such as on a cash revenue log) and then uses that information to reconcile revenues received with those deposited in the bank. As a result, the Board and membership cannot ensure that all revenues received are properly and accurately collected, deposited, recorded and reported.

Disbursements Not Approved or Adequately Supported – Company disbursements totaled \$43,498 from January 1, 2024 through October 31, 2025 and consisted of 80 check disbursements totaling \$28,286, 157 debit card purchases totaling \$14,932, bank overdraft fees totaling \$180 and a \$100 cash withdrawal.

Although the bylaws required the membership to approve all disbursements exceeding \$100 (except fixed expenses) before they were made, and required the Treasurer to pay all bills, the President, Treasurer, Fire Chief and Assistant Chief used debit cards to make purchases, which circumvented these requirements. We reviewed 53 debit card purchases totaling \$10,323 that exceeded \$100 and determined that 52 purchases (98 percent) totaling \$9,896 were not approved by the membership.

Debit cards can pose significant risks because users have direct access to a bank account without approval before payment, making it more difficult to detect or address unauthorized use. Additionally, because the debit cards immediately withdraw the funds from the Company's bank account – without prior membership authorization and the Treasurer's knowledge of these purchases – the Treasurer cannot ensure that sufficient funds are available to pay for the purchases. As a result, the Company was charged \$180 in bank fees for overdrafts associated with debit card purchases. The bank statements also showed a \$100 cash withdrawal. The Treasurer told us that he accidentally withdrew the \$100 in cash because his personal debit card and Company debit card were from the same bank and looked similar. He also told us that he immediately reimbursed the Company upon realizing his error, which we verified.

In addition, the Board and membership did not ensure that the Treasurer and Assistant Treasurer made check disbursements only after the membership authorized them. We reviewed 21 check disbursements totaling \$6,489 that exceeded \$100 and determined that they were adequately supported. However, 14 (67 percent) totaling \$4,289 (for fundraising supplies, member reimbursements and food) were not approved by the membership because they were not presented for approval at the monthly meetings.

Furthermore, during our review of all 53 debit card purchases totaling \$10,323 that exceeded \$100, we identified seven debit card purchases totaling \$1,451 (for rescue equipment, food and fundraising supplies) that did not contain adequate supporting documentation. The Treasurer was able to obtain documentation for four purchases totaling \$1,106. The Treasurer told us that the remaining three purchases totaling \$345 did not have supporting documentation because the purchaser did not provide him with receipts, or he misplaced the receipts. As a result, we could not determine whether they were appropriate Company purchases, but we determined that the purchases were from food vendors and coincided with Company-hosted events.

Because the Board and membership did not ensure that the Treasurer received approval for all disbursements before they were paid, and did not maintain sufficient supporting documentation, the Company has an increased risk that fraud, waste and abuse could occur.

## Recommendations

The Board and membership should:

1. Enforce the provisions of the current bylaws.
2. Review and update the bylaws to include compensating controls for the Treasurer's unsegregated financial duties, such as assigning other officials to open the mail, maintaining a log or list of revenue received, regularly reviewing bank reconciliations and bank statements with canceled check images, and comparing supporting documentation of revenues and disbursements to financial records and reports.

3. Ensure that the Treasurer maintains supporting documentation for all revenues, including donations and fundraising events, and disbursements.
4. Strongly consider ending the use of debit cards. If the Board decides to continue using debit cards, it should amend the bylaws to add internal controls for using debit cards and ensure that officials put the controls in place and enforce them.

The Board should:

5. Ensure that its annual review of the Treasurer's records includes reviewing and comparing several financial documents to each other, such as the bank statements, canceled check images, monthly meeting minutes, supporting documentation for revenues and disbursements and the monthly and annual reports.

The Treasurer should:

6. Ensure that the monthly financial reports provided to the Board and membership include canceled check images.
7. Obtain and retain supporting documentation for all Company revenues, including donations, to support deposits.
8. Ensure that all disbursements are adequately supported with documentation and approved by the membership before payment.

# Appendix A: Profile, Criteria and Resources

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## Profile

The Company provides fire protection and emergency services within the Town of Gorham in Ontario County, Town of Potter in Yates County and Village of Rushville, which is partially located in both Towns.

The Company has 28 volunteer members and is governed by its bylaws and an elected three-member Board. The Company's main revenue sources include fundraisers and community events, donations and Foreign Fire Insurance tax proceeds.

## Criteria

A company board and membership are responsible for overseeing the company's fiscal activities and safeguarding its resources. To fulfill this duty, the company board and membership should establish a system of internal controls that includes the following:

- Adopting policies and procedures to help officials ensure that all money collected is accounted for and all transactions are authorized and recorded in a timely manner.
- Ensuring that financial reports are accurate and timely.
- Ensuring that officials and members comply with the company's bylaws and policies and applicable laws, rules and regulations.

A company treasurer is responsible for maintaining complete and accurate records to account for all company financial activities and should submit monthly and annual financial reports to the company board and membership. The company board and membership should review these reports, the company's financial records, bank statements, canceled check images and bank reconciliations to monitor the company's financial operations. The company board and membership also should ensure that all deposits and disbursements have adequate supporting documentation.

The Company's bylaws state that:

- The Treasurer must receive all revenues and maintain a record of all funds received and paid.
- All purchases exceeding \$100, except fixed expenses, must be approved by two-thirds of the members present at the meeting before the purchases are made.
- The Treasurer must pay all bills that are approved by the membership.
- The Board of Trustees must audit the Treasurer's records.

## Additional Resources

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

- *Fiscal Oversight Responsibilities of the Governing Board:*  
<https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf>

- *The Practice of Internal Controls:*  
<https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf>
- *Improving the Effectiveness of Your Claims Auditing Process:*  
<https://www.osc.ny.gov/files/local-government/publications/pdf/improving-the-effectiveness-of-claims-auditing-process.pdf>

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

# Appendix B: Response From Company Officials

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The content below is a reproduced copy of the original response letter issued by Company officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*<sup>3</sup> and may have included changes to spelling and grammar. The substance of the content was not changed.

Rushville Hose Company  
14 Railroad Ave., PO BOX 636  
Rushville, NY 14544

To: Office of the State Comptroller  
Chief of Municipal Audits  
From: Robert Miller, President, Rushville Hose Company  
David Le Clair, Treasurer, Rushville, Hose Company  
Date: May 11, 2026  
Re: Response to the Draft Audit Report

Our organization has prepared this this response as requested by the audit team and the document titled "Responding to an OSC Audit Report" Published by the NYS Comptroller's Office.

In that document it states, "Your response to our audit report summarizes the position of your Local Government or School concerning our draft findings and recommendations." Furthermore, it states "The response should include your reaction to the draft audit report, including whether you agree with its findings."

Our response is that we generally agree with the report's findings and do not see any inaccuracies with the report. Our department has already begun to take steps to improve our financial accountability. We will respond accordingly with more details in our CAP Corrective Action Plan due within 90 days of the release of the final audit report. Practical and reasonable safeguards approved by the Officers and Trustees will be reflected in the CAP.

The Rushville Hose Company is an all-volunteer organization, and we do not receive any funding whatsoever from the public tax base, apart from Foreign Fire Insurance Tax Proceeds. All our funding comes from donations, fund raising events like Chicken Barbeques, hosting dinners for community partners, and meetings with other fire organizations. We are not a local government, school, or formalized Fire district. The apparatus, building, and equipment is owned and maintained by the Village of Rushville.

We believe that this is an adequate response as requested by the audit team in the document mentioned above.

David Le Clair, Treasurer \_\_\_\_\_

Robert Miller, President \_\_\_\_\_

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<sup>3</sup> <https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule>

# 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 Company officials and reviewed the Company's bylaws and the Board's meeting minutes to gain an understanding of the Company's financial procedures and processes and determine which financial records and reports were prepared, provided, reviewed and approved.
- We reviewed the Company's bank statements and bank activity, including canceled check images, for the five bank accounts that the Treasurer maintained from January 1, 2024 through October 31, 2025 (the last completed month before we began our audit). We traced all revenues totaling \$66,135 and disbursements totaling \$43,498 from the bank statements to the Treasurer's financial records to determine whether they were properly recorded and reported.
- We reviewed all non-interest revenue totaling \$59,749 deposited in the Company's bank account to determine whether the Treasurer had adequate supporting documentation for the source of the revenue.
- We reviewed the bank statements and bank activity and identified 80 check disbursements totaling \$28,286 that were signed by the Treasurer or Assistant Treasurer; 157 debit card purchases totaling \$14,932 made by the President, Treasurer, Fire Chief and Assistant Chief; bank fees totaling \$180; and a \$100 cash withdrawal.
- We reviewed available supporting documentation, including invoices and receipts, to determine whether disbursements were adequately supported, for a Company purpose, properly approved and made in accordance with the bylaws. Specifically, we used our professional judgment to review:
  - 21 check disbursements totaling \$6,489 that exceeded \$100 and included 18 checks totaling \$4,645, which posed an increased risk of potential fraud because they were made payable to cash or Company members, and three disbursements totaling \$1,844, which were made during December 2024 and February 2025 when the Company had a holiday party and fundraising event.
  - All 53 debit card purchases totaling \$10,323 that exceeded \$100. For the three debit card purchases for which supporting documentation was not available, we reviewed the vendor and dates of the purchases to determine whether they coincided with Company-hosted events.

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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## **ROCHESTER REGIONAL OFFICE**

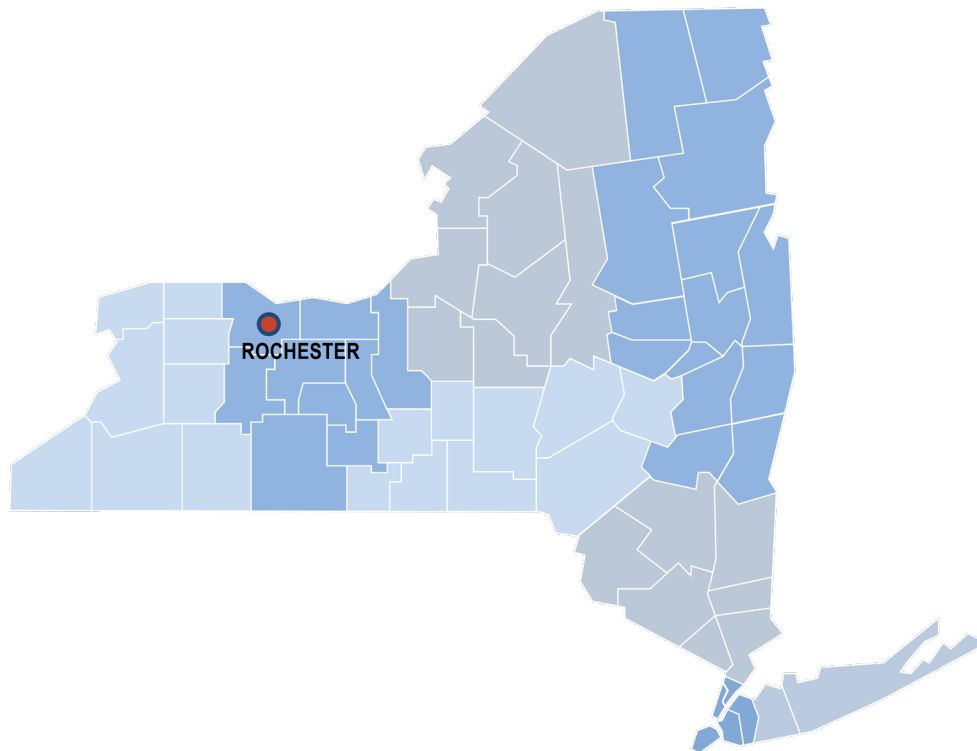
Stephanie Howes, Chief of Municipal Audits

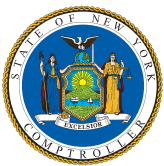
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