New York State Comptroller
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Wappasening Hose Company

Collections and Disbursements

November 2026 | 2026M-102

Prepared by the Division of Local Government and School Accountability

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Audit Results

Wappasening Hose Company

Audit Objective

Did Wappasening Hose Company (Company) officials ensure that collections were properly supported, recorded and deposited and that disbursements were adequately supported and for legitimate purposes?

Audit Period

January 1, 2025 – February 28, 2026

Understanding the Audit Area

Fire company officials should provide adequate oversight of collections and disbursements to help ensure financial accountability, prevent the misuse of fire company funds and build public trust. When fire company officials properly oversee the fire company's collection and disbursement processes, it helps ensure that all money received is properly accounted for and deposited and that fire company funds are used only for legitimate purposes. This also helps safeguard public assets and promotes accountability over and transparency of fire company financial operations.

During the audit period, the Company had collections totaling approximately $40,000 and disbursements totaling approximately $33,000.

Audit Summary

Company officials did not adequately oversee collections and disbursements to ensure that Company funds were properly accounted for and used for legitimate purposes. Collections were not always adequately supported. As a result, the Board could not ensure that all collections were accounted for and deposited, or that all disbursements were for legitimate Company purposes. This reduces accountability and increases the risk that errors, or misuse of Company funds, could occur and go undetected.

We reviewed all 30 deposits totaling approximately $40,300 made during our audit period and determined that 23 deposits totaling approximately $31,100 did not have adequate supporting documentation, such as itemized deposit slips or press-numbered duplicate receipts. In addition, Company officials did not deposit three of five deposits associated with known fundraising events within 48 hours after the events, as required by the Company's bylaws.

We also reviewed 75 disbursements totaling approximately $23,600 and identified one or more deficiencies with the following disbursements:

- 31 disbursements totaling approximately $7,400 did not have adequate supporting documentation, such as an itemized invoice or receipt.
- 16 disbursements totaling approximately $2,600 were for purchases that were shipped to Company Board (Board)[1] members' residences instead of the Company's facility.
- 23 disbursements included $600 in sales tax payments.

In addition, although the Company Treasurer (Treasurer) paid the Company Secretary (Secretary) $500, Company officials could not provide us with documentation demonstrating that the audit committee completed and accepted an audit of the Secretary's records before payment was made, as required by the Company's bylaws. Company officials also continued to use a debit card issued in the former Company President's name, rather than obtaining a replacement card with the name of the current authorized cardholder.

1 Refer to Appendix A for detailed information on the Board and its members.

The report includes 12 recommendations that, if implemented, will improve the Company's collection and disbursements processes to safeguard Company funds and help ensure that Company purchases are made with accountability and in the community's best interests. Company officials agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

Collections and Disbursements: Findings and Recommendations

A board is responsible for overseeing the fire company's financial activities and safeguarding its resources. To fulfill this responsibility, the board should establish and enforce adequate internal controls, which include policies, procedures and bylaws. This helps the board ensure that collections are properly supported, recorded and deposited in a timely manner and that disbursements are supported by adequate documentation and for proper fire company purposes.

The Company's bylaws require the Treasurer to maintain accurate records of all Company income, including indicating the source of all revenues, and to deposit Company funds within 48 hours.

More details on the criteria used in this report, as well as resources that the Office of the New York State Comptroller's (OSC) makes available to local officials that can help them improve operations, are included in Appendix A.

Finding 1 – Officials did not ensure that collections were properly supported, recorded and deposited.

We reviewed all 30 deposits totaling approximately $40,300 made during the audit period to determine whether collections were properly supported and accounted for and deposited in full and in a timely manner. We determined that officials did not have documentation to support collections for events, donations and hall rentals. Also, the Treasurer did not make deposits in a timely manner, and deposit amounts recorded in the Company's check register did not have detailed descriptions. As a result, the Board cannot ensure that all collections were deposited.

Collection Records – The Treasurer and other officials did not document sufficient information when collecting and recording money received. Although some deposit entries were recorded in the check register with a brief description of the deposit source, the Treasurer did not consistently document the source and, in some instances, recorded multiple revenue sources under a single total deposit amount without identifying the amount attributed to each source. For example, the check register contained general descriptions for certain deposits such as "Deposit WHC"[2] or "Deposit Dues, Cans, Donations."[3]

Also, of the 30 deposits that we reviewed, 23 deposits totaling approximately $31,100 did not include adequate supporting documentation such as an itemized deposit slip or a press-numbered duplicate receipt. For example, although the ESS Captain required community members to file a form with their payment for hall rentals, the ESS Captain did not retain the form.

In addition, for bottle and can redemptions, Company officials did not have any supporting documentation for the number of bottles and cans received from the casino, or receipts supporting the amounts redeemed. Instead, a designated Company member collected and redeemed the bottles and cans and retained the proceeds until he remitted them to the Treasurer at the next Board meeting. Because officials did not maintain supporting documentation, we could not determine when the Company received funds, verify amounts collected or consistently identify the funds included in each deposit.

Timeliness of Deposits – We reviewed deposit records for five fundraising events[4] held during the audit period (Figure 1) to determine whether the Treasurer properly recorded and deposited the collections in a timely manner for each event. We determined that three of the five deposits were not made within 48 hours of the event, as required by the bylaws.

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2 "WHC" was an abbreviation for Wappasening Hose Company.

3 A local casino donated bottles and cans that the Company redeemed for cash.

4 Refer to Appendix C for further information on our sample selection.

Figure 1 – Fundraising Events

Event Date	Event Name	Next Deposit Date	Deposit Amount	Checkbook Description	Days Past Event
April 5, 2025	Craft Fair	April 25, 2025	$927	Deposit WHC	20
May 10, 2025	Mother's Day Brunch	May 21, 2025	$764	Cash In/Out Mother's Day	11
July 19, 2025	Farm Days Chicken BBQ	August 1, 2025	$1,225	Deposit (WHC)	13
September 1, 2025	Labor Day BBQ	September 3, 2025	$5,736	Deposit Chicken BBQ	2
October 31, 2025	Trunk or Treat	October 31, 2025	$1,723	WHC Deposit	0
Total			**$10,375**		

The Treasurer told us she was unaware that the bylaws required her to make deposits within 48 hours. She also said that she could not comply with this requirement for nonfundraising-event activities, such as hall rentals and bottle and can redemptions, because these collections often were not provided to her until the next monthly Board meeting, which many times occurred after the required deposit timeframe had elapsed. However, this does not preclude officials from implementing procedures to facilitate more timely deposits.

Furthermore, the Board did not establish written policies and procedures for collecting, recording and depositing funds, and the procedures that were in place were inadequate. Without adequate records and supporting documentation, the Board cannot ensure that officials properly record and deposit all collections, which increases the risk that errors or misappropriation of funds could occur and remain undetected.

Recommendations

The Board should:

1. Ensure that collections are supported by adequate documentation, such as press-numbered receipts or other records that identify the source, date and amount of collections received.
2. Ensure that the Treasurer deposits collections in a timely manner.
3. Establish adequate written policies and procedures to provide clear guidance and expectations to officials who are responsible for issuing receipts, recording collections and safeguarding cash.

The Treasurer should:

4. Obtain and retain supporting documentation for all Company collections, including hall rentals and bottle and can redemptions, to support deposits.
5. Accurately record all Company collections in the financial records.
6. Deposit collections in a timely manner.

Finding 2 – Disbursements were not always supported.

The Treasurer performed all phases of the disbursement process – including receiving invoices, recording transactions, preparing and signing checks and mailing payments – without adequate oversight. For example, the Board did not review canceled check images to verify that payments were issued to the appropriate payees and for the correct amounts.

Furthermore, the Company's bylaws did not establish adequate guidance for the disbursements process, and the Board did not adopt supplemental policies and procedures, such as a debit card policy. Company officials also continued to use a debit card that was issued in the name of the former President, instead of obtaining a replacement card that reflected the current authorized cardholder. Although the Board approved certain significant expenses that were documented in the membership's meeting minutes, it did not review or approve all disbursements, or verify that payments were supported by appropriate documentation.

As a result of these weaknesses, we examined 75 disbursements totaling approximately $23,600 to determine whether disbursements were adequately supported. These disbursements included all 30 nondebit card disbursements totaling approximately $16,500 and a sample of 45 debit card disbursements[5] totaling approximately $7,100 that were made during the audit period. We determined that the disbursements were either for valid Company purposes or, in cases where sufficient supporting documentation was not available to verify validity, appeared consistent with other typical Company expenses.

However, officials did not ensure that the disbursements were adequately supported. We identified disbursements with one or more of the following deficiencies:

- 31 disbursements totaling approximately $7,400 did not include adequate supporting documentation, such as an itemized invoice or receipt.
- 16 disbursements totaling approximately $2,600 were for purchases that were shipped to Board members' residences, instead of the Company's facility. The President and Treasurer told us that deliveries were sent to alternate locations because personnel were not consistently available at the fire station to receive them. However, this rationale was not documented for these purchases.
- 23 disbursements totaling approximately $9,600 included $600 in sales tax payments. However, the Company is exempt from paying sales tax.

In addition, the Secretary was eligible to receive a $500 payment after the audit committee completed and accepted an audit of the Secretary's records. However, officials did not provide us with any documentation to support that the audit committee performed or accepted this audit. Also, the Treasurer issued the $500 payment to the Secretary without any supporting documentation.

The President told us that the Board generally approved expenses during its meetings and that an audit committee reviewed purchases annually. However, these approvals were not documented. An annual review of purchases does not replace the need for the Board to review and approve bills on a timely, ongoing basis. Two Board members told us that they were unaware of the importance of reviewing canceled check images. Instead, the Board relied on the Treasurer to perform all phases of the disbursement process without adequately overseeing or reviewing the Treasurer's work. The Treasurer told us that she was not adequately informed of her responsibilities or the duties expected of her, other than maintaining the bank accounts by paying bills and ensuring that the checkbook balanced.

Without an independent review of disbursements, the Board has an increased risk that payments could be made for invalid or unauthorized Company purposes. Also, allowing Company members to use debit cards creates additional risks because these payments are directly withdrawn from the Company's checking account at the time of purchase. As a result, unauthorized debit card use may remain undetected and may not be able to be corrected.

5 Ibid.

Recommendations

The Board should:

7. Provide additional oversight and implement compensating controls with respect to the Treasurer's financial duties.
8. Review and update the bylaws to provide clear guidance for reviewing and approving disbursements, define who is responsible for reviewing and approving bills, require bills to be reviewed and approved before payment and require disbursements to have adequate supporting documentation (e.g., original itemized invoices and receipts).
9. Adopt sufficient supplemental policies for using debit cards and enforce compliance with them.
10. Consider discontinuing the use of the Company's debit card and instead obtain a credit card to improve control and oversight over disbursements.
11. Seek reimbursement from vendors and retail companies for the unnecessary payments of sales tax.

The Treasurer should:

12. Ensure that all disbursements are adequately supported before making payments.

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. The audit's methodology and standards are included in Appendix C.

The Board has 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.

Appendix A: Profile, Criteria and Resources

Profile

The Company is a not-for-profit organization that provides fire protection, basic life services and fire police services to the Town of Nichols in Tioga County. The Company has volunteer members and is governed by its bylaws. The members elect the President, Vice-President, Secretary, Treasurer, ESS Captain, Company Chaplain and six Trustees (Board members) to serve on the Board. The Board is responsible for overseeing the Company's financial activities and safeguarding Company resources. The Treasurer is responsible for receiving, depositing, disbursing and accurately accounting for all Company funds and is primarily responsible for collections at fundraising events. Also, the ESS Captain is responsible for collecting fees for hall rentals.

The Company generated revenue from a variety of sources, including fundraising events – such as its annual Mother's Day brunch, chicken barbeques and craft fairs – foreign fire insurance proceeds, donations and hall rental income. A local casino also donated bottles and cans that the Company redeemed for cash.

Criteria

A board is responsible for safeguarding a fire company's cash resources. To establish accountability, cash collections should be recorded immediately upon receipt. Receipts issued for payments and donations may be in manual or electronic format and should include the name of the payer, date received, amount, purpose and form of payment. Fire company officials should issue press-numbered receipts for money collected when there is no other documentation to support the collections. The fire company treasurer should deposit collections in a timely manner.

To prevent the misuse of fire company funds, the board should ensure that disbursements are for appropriate purposes and approve the disbursements – or designate other fire company officials who are independent of the disbursement process to review and approve disbursements – before they are made. Disbursements should be supported by adequate documentation, such as itemized invoices or receipts that detail the goods or services provided. Supporting documentation should include sufficient detail to allow fire company officials to determine whether purchases are for valid fire company purposes.

If a board allows fire company members to use a debit and/or credit card, it should adopt a policy to address the specific circumstances under which debit and credit cards may be used, including who is authorized to use them, whether these purchases need prior authorization, and the dollar limits and types of expenses for which debit and credit cards may be used.[6]

The Company's bylaws require the Treasurer to:

- Deposit all funds within 48 hours.
- Maintain a true and accurate account of the source of all income and the object for which the funds are allocated or expended.
- Keep an accurate record of all disbursements and receipts and provide a written monthly statement to the Board and membership at the regular meeting.
- Maintain a receipt for all disbursements.

The bylaws also allow the Secretary to receive a salary of $500 per year payable following the audit committee's completion and acceptance of an annual audit of the Secretary's records.

6 Refer to OSC's publication, *Cost-Saving Ideas: Credit Card Accountability – Minimizing the Risk of Error, Misuse and Fraud*, for additional guidance on credit card policies and accountability: https://www.osc.ny.gov/local-government/publications/cost-saving-ideas-credit-card-accountability-minimizing-risk-error-misuse-and-fraud

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:

- *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
- *The Practice of Internal Controls*: https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf
- *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

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 Company Officials[7]

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)*[8] and may include changes to spelling and grammar. The substance of the content was not changed.

Wappasening Hose Company
Nichols Fire Department
Emergency Medical Services and Fire Police
PO Box 334
Nichols, NY 13812

November 12, 2026

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, Albany, NY 12236

RE: Response to Draft Audit Report
Wappasening Hose Company
Nichols Fire Department
Report Number 2026M-102

To the Office of the State Comptroller:

The Board of the Wappasening Hose Company and the leadership of the Nichols Fire Department have received and reviewed the draft Report of Examination concerning our collections and disbursements for the period January 1, 2025 – February 28, 2026.

We appreciate the professionalism and diligence demonstrated by your field audit staff during the examination. The process provided a valuable opportunity to review our internal controls and ensure that we are maintaining the highest standards of fiscal accountability for the taxpayers who we serve.

The Board and department leadership have thoroughly reviewed the audit findings and recommendations. We agree with the findings outlined in the draft report and accept your recommendations as constructive opportunities to strengthen our administrative operations.

The following is our formal response and preliminary Corrective Action Plan addressing the specific findings.

Sincerely,

Courtney Newhart

President of the Wappassening Hose Company Board

On behalf of the entire Wappasening Hose Company Board

7 The Company's response letter refers to an attachment that supports the response letter. Because the Company's response letter provides sufficient detail of its actions, we did not include the attachment in Appendix A.

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

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 Company officers and other Company members and reviewed the bylaws, monthly Treasurer's reports and available membership meeting minutes to gain an understanding of the Company's collection and disbursement procedures.
- We reviewed Treasurer's reports to determine whether the Treasurer reported collection and disbursement activity to the Company officers and membership.
- We reviewed all 30 deposits totaling approximately $40,300 made during the audit period to determine whether all collections were properly accounted for and deposited in full and in a timely manner.
- We reviewed deposit records for all five fundraising events held during the audit period based on the list of events given to us by the Vice-President. If we could not determine when a specific event's collections were deposited, we used the date of the first deposit made following each event.
- We reviewed all 30 nondebit card disbursements totaling approximately $16,500 made during the audit period to determine whether disbursements had adequate supporting documentation, were for an appropriate Company purpose and were authorized before purchases were made.
- We used our professional judgment to select a sample of five purchases that had a higher risk of being for personal use and verified whether the assets were physically present at the fire station. Those items included three purchases of uniforms and/or jackets totaling $1,844, one outdoor grill purchase totaling $205 and one printer ink purchase totaling $114. We successfully located these items at the Company's fire station.
- We used our professional judgment to select four months and reviewed all 45 debit card transactions totaling approximately $7,100 that were made within those months to determine whether they had adequate supporting documentation, were for an appropriate Company purpose and were authorized before purchases were made. We chose February, July and December 2025 and February 2026, to include a summer month, a month in which a holiday occurred, the most recent month in the audit period and the corresponding month from the prior year. We chose our sample without any expectation that they would have more or less discrepancies than other similar transactions.

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?

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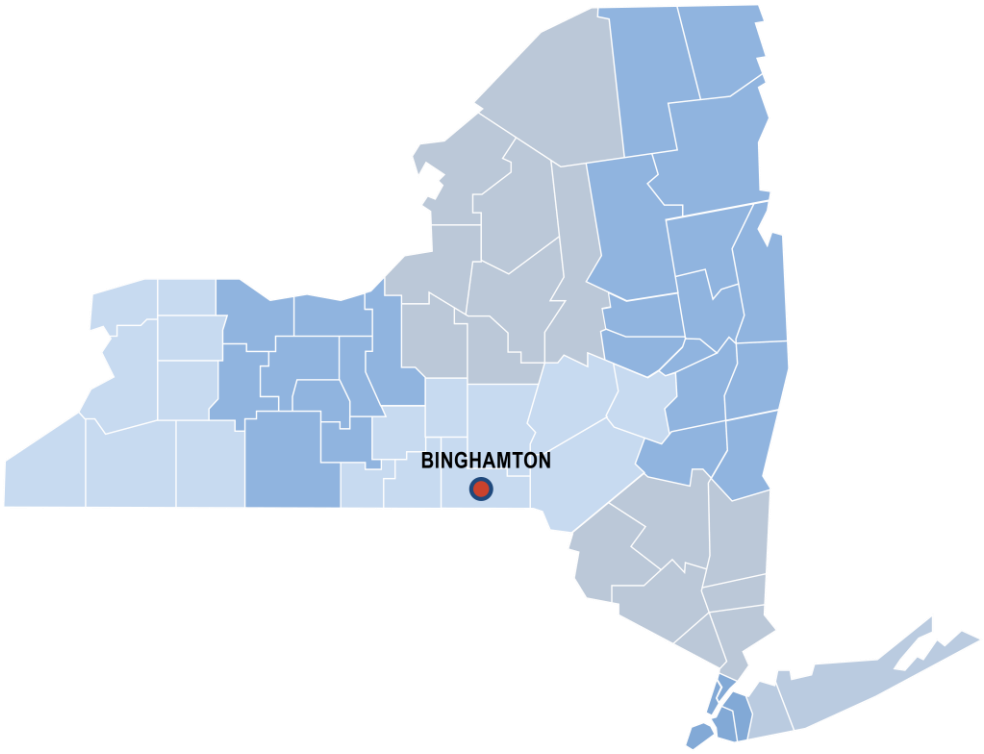

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