New York State Comptroller
THOMAS P. DiNAPOLI

Woodhull Fire District

Financial Oversight

September 2026 | 2026M-79

Prepared by the Division of Local Government and School Accountability

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Audit Results

Woodhull Fire District

Audit Objective

Did the Woodhull Fire District (District) Board of Fire Commissioners (Board) provide adequate oversight of financial operations?

Audit Period

January 1, 2024 – June 23, 2026

Understanding the Audit Area

A board of fire commissioners (board) is responsible for managing and controlling a fire district's financial operations and must provide adequate oversight of the fire district's financial activities to ensure that public funds are managed with accountability, transparency and integrity. This critical function helps maintain the public's trust, comply with legal requirements and prevent waste, fraud and mismanagement of fire district resources.

From January 1, 2024 through December 31, 2025,[1] the District's revenues totaled $654,579 and disbursements totaled $655,496.

Audit Summary

The Board did not provide adequate oversight of the District's financial operations. As a result, the Board could not ensure that the records and reports that it used to make financial decisions were complete and accurate, which made it difficult for the Board to make informed decisions and adequately plan for future expenses.

The deficiencies that we identified included the following:

- The Board did not conduct an annual audit of the Secretary-Treasurer's records as required by New York State Town Law (Town Law) Section 177.
- The Chairman of the Board (Chairman) and four other Commissioners had a limited understanding of their financial responsibilities. They also did not complete the mandatory fiscal oversight training as required by Town Law Section 176-e.
- The Board did not conduct a thorough and deliberate review and approval of claims before payment. We reviewed 55 payments made to vendors and determined that the Board did not adequately review 14 payments (25 percent) totaling $19,737.
- The Board did not develop and adopt written, multiyear financial and capital plans or a fund balance policy to assist them in planning for future costs, despite having significant future operating and capital needs.

Without proper guidance and management of operations, the Board and Secretary-Treasurer cannot assure taxpayers, District residents and other interested parties that the District's financial activities are accurately accounted for and reported. Inadequate oversight of financial operations diminishes transparency and accountability and increases the risk that financial errors, loss, waste and fraud could occur and remain undetected.

The report includes nine recommendations that, if implemented, will improve the Board's understanding of its fiscal oversight responsibilities, strengthen fiscal oversight of the District's financial operations, improve

1 This time frame reflects two complete fiscal years.

financial planning and help safeguard District resources. District officials agreed with our recommendations and indicated they planned to initiate corrective action.

This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the Office of the New York State Comptroller's (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. Pursuant to Section 181-b of Town Law, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and forwarded to OSC within 90 days. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. 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.

Board Oversight: Findings and Recommendations

Fire districts generally are governed by an elected board of fire commissioners (fire district board) that is responsible for providing adequate oversight to ensure proper financial management. This oversight and management should include developing and adopting required policies, conducting financial activity in a transparent manner, reviewing financial records, completing fiscal oversight training in a timely manner and adequately auditing claims. In addition, a fire district board should adopt written multiyear financial and capital plans that identify long-term priorities and goals.

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 – The Board did not perform an annual audit of the Secretary-Treasurer's records.

The Board did not request, and the Secretary-Treasurer did not provide the Board with, her financial records as required by Town Law Section 177. These records included checkbook registers, bank statements and reconciliations, canceled check images and claim vouchers, which the Board needed to conduct an annual audit.

While the Board reviewed monthly financial reports prepared by the Secretary-Treasurer, which included a budget-to-actual report and statement of revenues and expenses, the Board did not periodically or annually request or review any bank statements and reconciliations or canceled check images to ensure that the financial reports were complete and accurate. As a result, the Board could not ensure that all revenue collection and disbursement transactions were accurately recorded and reported, or that there were no instances of fraud, waste or abuse of public funds. The Chairman told us that the Board did not perform these oversight functions because the Commissioners were new and inexperienced and had not taken the fiscal oversight training course required by Town Law Section 176-e.[2]

We compared the bank statements from January 1, 2025 through December 31, 2025 to the Secretary-Treasurer's financial records and monthly and annual reports and determined that she generally recorded and reported financial information accurately. Annual audits are particularly important in small fire districts where it is difficult for fire district officials to segregate financial duties. Without an annual audit, the Board cannot effectively assess financial operations because it has not independently verified that funds are properly accounted for.

Recommendations

The Board should:

1. Perform an annual audit of the Secretary-Treasurer's records.
2. Attend a required fiscal oversight training course within 270 days of taking office.

The Secretary-Treasurer should:

3. Account with the Board for all moneys received and disbursed by her during the preceding fiscal year and produce all books, records, receipts, orders, vouchers and cancelled checks or check images each year, as required by Town Law Section 177.

2 The two newest Board members took office in 2026 and had yet to receive their training but were still within the 270 day time frame to fulfill this requirement.

Finding 2 –The Board did not perform an adequate audit of claims.

While the Board generally reviewed claims before payment, it did not perform a thorough or adequate review of the claims. The Secretary-Treasurer made 250 disbursements totaling $655,496 between January 1, 2024 and December 31, 2025. We reviewed 55 claims totaling $316,330[3] to determine whether they had proper supporting documentation and were purchased in accordance with the District's procurement policy, for valid District purposes and audited and approved by the Board. We determined that the Board did not adequately review 14 payments (25 percent) totaling $19,737, which included the following:

- A $11,552 payment to a contractor for flood repairs to a District-owned pavilion. The Board did not seek competition for this service, as required by the District's purchasing policy. Also, the claim did not have proper supporting documentation, and the Board did not review and approve it before payment.
- A $3,500 payment for repairs to a playground that was made without documentation of seeking competition and paid before the Board reviewed and approved it.
- A $3,129 payment for fire equipment that was made without documentation of seeking competition.
- A $75 payment for a gift card to a restaurant owned by one of the Commissioners as a gift to a retiring Commissioner that was paid before the Board reviewed and approved it.
- Seven payments totaling $978 for utilities and postage that were made before the Board reviewed and approved them.
- Three payments totaling $503 that included sales tax totaling $37.

The Secretary-Treasurer told us that the reason the payments for flood repairs to the pavilion and playground were made before the Board approved them was because they were caused by flood damage, and the Board wanted the repairs completed quickly. However, the Board did not establish a resolution explaining why the work required immediate action and why officials could not comply with the procurement policy to solicit competition for the repairs. Additionally, the Secretary-Treasurer did not maintain adequate documentation for the flood repairs to the pavilion or playground.

The Secretary-Treasurer also told us that there was no documentation for the $3,129 fire equipment purchase because there were only two companies that sold the equipment in the area and one refused to provide quotes to the District. In addition, the Secretary-Treasurer said that the Board authorized her to pay for utilities and postage before Board approval. However, the Board did not adopt a resolution authorizing her to do so.

Because the Board did not ensure that the Secretary-Treasurer received approval for all claims before they were paid, the District has an increased risk that fraud, waste and abuse could occur. Furthermore, because the Board does not review canceled check images, it cannot ensure that payments are made in the correct amounts and to the correct vendors.

Recommendations

The Board should:

4. Conduct a thorough and deliberate review of claims and approve them before they are paid.
5. Ensure that District officials seek competition when making purchases over $3,000, as required by the District's procurement policy.
6. Ensure that District officials do not pay sales tax when making District purchases.

The Secretary-Treasurer should:

7. Pay claims only after the Board approves them.

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

Finding 3 – The Board did not adopt a written fund balance policy or multiyear financial and capital plans.

Although the District has significant future operating and capital needs, the Board did not develop and adopt a written fund balance policy or written multiyear financial and capital plans to address these needs.

Fund Balance – As of December 31, 2025, the District's unrestricted fund balance totaled $30,278, which was 21 percent of the 2026 budgeted appropriations. The District also had $138,652 in a capital reserve as of December 31, 2025. However, the Board did not develop a written fund balance policy or reserve plan to establish reasonable amounts of fund balance, including reserves, that the District should maintain.

The Secretary-Treasurer told us that the Board does not include an annual budget appropriation to fund reserves. Instead, the Board funds reserves by sweeping leftover surplus funds into them. The Secretary-Treasurer also told us that the Board is struggling to fund reserves because:

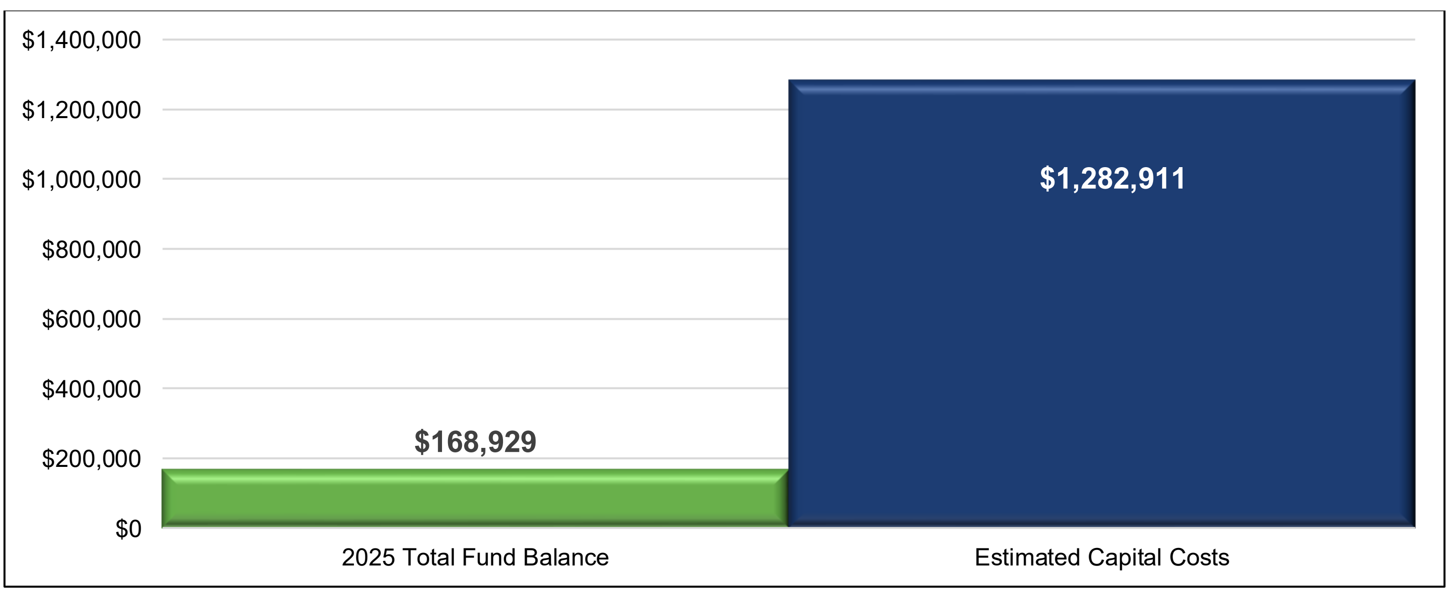
- The Board is reluctant to raise taxes.
- The District has an increased financial burden stemming from financing a new tanker truck using a seven-year bond, which requires annual payments totaling approximately $47,000 until 2032.

Multiyear Plans – While the Chairman told us that the Board previously had an informal five-year capital plan, and that the Board has an equipment replacement schedule "in our heads," the Board did not have a current, formal, written multiyear financial or capital plan.

The Chairman told us that he finds it difficult to plan for when the District can afford to replace equipment as it becomes more costly. However, if the Board developed and adopted a multiyear financial and capital plan, these plans could have helped guide the Board's financial decision making to better plan for procuring expensive fire equipment.

Without written, long-term multiyear financial and capital plans, the Board has not determined, among other things, the additional financial needs that replacing aging equipment will have on operations, how these needs will be funded, or how these decisions will affect fund balance and the tax levy. For example, the Chairman told us that the fire engine will be the next piece of equipment that needs to be replaced, because it is about 15 years old, and it will cost around $1 million to replace. However, the Chairman also said that he does not have a plan for replacing the engine because he does not know how the District will afford it. The Board should consider the District's needs to incur significant costs related to future capital needs, along with the current repayment of a seven-year fire tanker truck bond, when developing multiyear financial and capital plans (Figure 1).

Figure 1: 2025 Fund Balance vs Estimated Capital Costs



Multiyear plans help officials decide on funding choices to help avoid sudden tax increases, dramatic budget cuts or the need to accumulate excessive fund balance. Without well-designed, comprehensive, written multiyear financial and capital plans – which include specific estimates for revenues and expenditures based on actual historical trends, reasonable reserve and fund balances, and long-term capital needs based on accurate capital asset inventories and replacement schedules – the Board cannot effectively manage the District's finances.

Recommendations

The Board should:

8. Develop and adopt a written fund balance policy that defines the amounts of fund balance that the District should reasonably maintain and provides guidance for funding and using reserves.
9. Develop, adopt and periodically update comprehensive, written, multiyear financial and capital plans to use in conjunction with the annual budget process.

Appendix A: Profile, Criteria and Resources

Profile

The District provides fire protection for the Towns of Woodhull and Rathburn in Steuben County. The elected five-member Board is responsible for managing the District's financial operations and safeguarding its resources.

The Board-appointed Secretary-Treasurer serves as the District's chief fiscal officer and is responsible for collecting and disbursing District money and recording and reporting the status of District funds.

Criteria

A fire district board is responsible for overseeing a fire district's financial activities and safeguarding its resources. To effectively oversee financial activities, the fire district board should require the fire district treasurer to provide the board with all books, records, receipts, claim vouchers and canceled check images on an annual basis, as required by Town Law Section 177. With this documentation, the fire district board can perform an annual audit of the fire district treasurer's records to determine whether the treasurer is properly accounting for district funds and recording transactions.

All elected and appointed fire commissioners must complete a fiscal oversight training course within 270 days of taking office, as required by Town Law Section 176-e. The training course must include instruction on the fire district commissioners' legal, fiduciary, financial, procurement and ethical responsibilities. Fire district commissioners are required to complete the training each time they are elected, re-elected, appointed or reappointed to office. Training provides the fire commissioners with opportunities to become aware of statutory requirements and sound management practices that help them with their oversight responsibilities.

An effective claims auditing process helps ensure that claims contain all supporting documentation (including receipts that should not include sales tax) and evidence that they comply with legal and policy requirements (if applicable) and that the fire district board reviews and approves the claims before payment.

Effective fund balance management is a critical component of long-term planning because it can help a fire district board ensure that sufficient resources will be available to finance future needs. The fire district board should adopt a written policy that defines the amounts of fund balance, including reserves, that the fire district should reasonably maintain.

The fire district board should retain a reasonable amount of fund balance for unforeseen circumstances and to provide cash flow (e.g., to compensate for timing differences between when revenues are received and expenditures are made). The fire district board also can legally set aside (reserve) a portion of fund balance to finance future costs for specific purposes (e.g., for capital improvements or vehicle replacements). Properly funded reserves can reduce reliance on using debt to finance capital projects and other acquisitions and can help fire district officials finance the costs of capital expenditures.

Furthermore, a fire district board should develop multiyear capital and financial plans to effectively plan for and manage capital projects and acquisitions of assets. Multiyear capital plans help fire district officials identify assets owned by the fire district, prioritize capital investment needs and plan and anticipate financing needs for new capital assets and subsequent maintenance and repair costs. Similarly, a multiyear financial plan helps fire district officials establish long-term priorities, forecast long-term revenue and expenditure projections, and track reserve funds intended for unanticipated expenditures or revenue shortfalls.

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:

- *The Internal Audit Process for Fire Districts:* https://www.osc.ny.gov/files/local-government/resources/pdf/internalauditprocess.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
- *Multiyear Financial Planning:* https://www.osc.ny.gov/files/local-government/publications/pdf/multiyear-financial-planning.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 District Officials

The content below is a reproduced copy of the original response letter issued by District officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*[4] and may include changes to spelling and grammar. The substance of the content was not changed.

WOODHULL FIRE DISTRICT
5193 West Main Street
Woodhull, NY 14898

September 8, 2026

To the Chief of Municipal Audits of the OSC Rochester Region:

This letter is to serve as the Woodhull Fire District's response to the OSC Audit conducted by the Rochester Regional Office. We have received the draft Audit Report and the recommendations within.

The treasurer and I concur with the findings and are in the process of working with the Board of Fire Commissioners to go over the recommendations and work on completing a corrective action plan.

Please don't hesitate to contact us with any further questions or concerns.

Sincerely,

Stephen W Cady, Jr

Chairperson

Woodhull Fire District

4 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 District officials and reviewed the Board's meeting minutes to gain an understanding of the District's financial operations, internal controls and oversight of the Secretary-Treasurer's duties, including her financial recording and reporting process. We determined whether the Board established policies and procedures, received and reviewed sufficient information to carry out its oversight responsibilities, performed an annual audit or review of the Secretary-Treasurer's records and reports and prepared multiyear financial and capital plans.
- We reviewed and compared the bank statements to the Secretary-Treasurer's monthly reports, accounting records and annual financial report for the period January 1, 2025 through December 31, 2025 to determine whether revenues and disbursements were accurately recorded and reported. We chose this time frame because it reflects a complete fiscal year.
- The Secretary-Treasurer paid 250 claims totaling $655,496 between January 1, 2024 and December 31, 2025. We chose this time frame because it reflects two complete fiscal years. We used a software program to randomly select one summer month and one winter month from 2024 and 2025 (May and December 2024 and April and January 2025) and reviewed 55 disbursements totaling $316,330 made during those months. We compared the disbursements' canceled check images included in the bank statements to the abstracts and claim vouchers to determine whether they were appropriate District expenditures. We also reviewed these disbursements to determine whether they complied with the District's procurement policy. Additionally, we compared the date that the checks were written to the dates that the claim vouchers were approved to determine whether the claims were approved before payment.

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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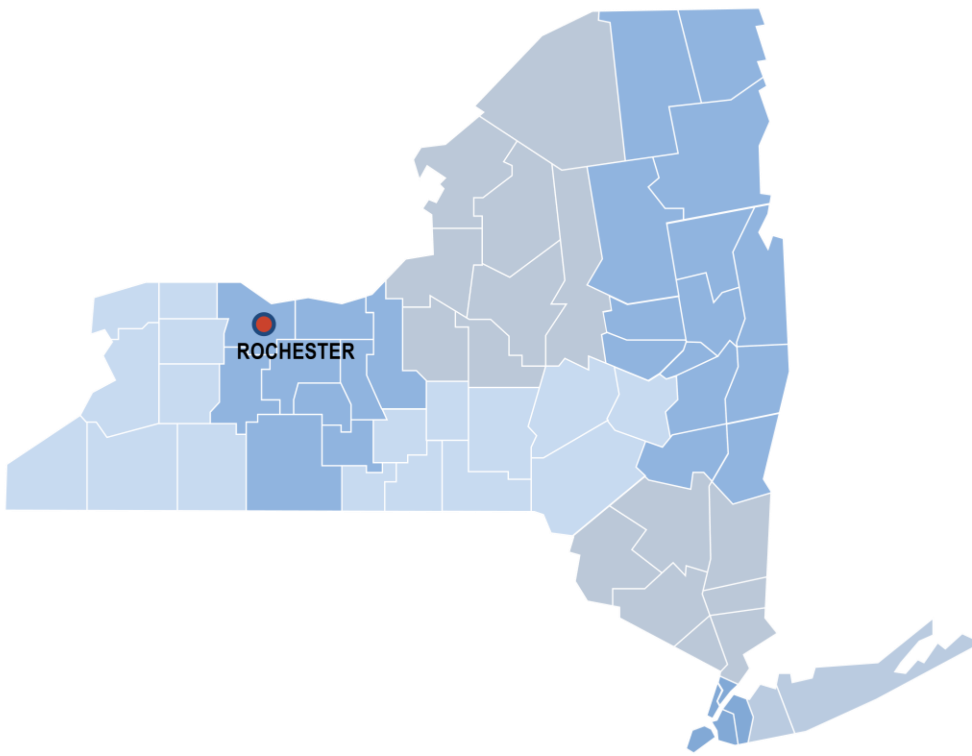

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