

New York State Comptroller
THOMAS P. DiNAPOLI

Wrights Corners Fire Company, Inc.

Treasurer's Records and Reports

June 2026 | 2026M-12

Prepared by the Division of Local Government and School Accountability

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Audit Results

Wrights Corners Fire Company, Inc.

Audit Objective

Did the Wrights Corners Fire Company, Inc. (Company) Treasurer (Treasurer) maintain complete financial records in a timely manner?

Audit Period

January 1, 2024 – January 9, 2026

Understanding the Audit Area

A fire company's treasurer should maintain complete financial records in a timely manner to enable informed decision-making by a fire company board, prevent fraud and misappropriation of funds, comply with reporting requirements and maintain public trust. Complete and timely records are essential for establishing financial accountability and proper financial management, oversight by a fire company board and membership, and the protection of public funds.

The Company's budgeted revenues totaled \$624,654 for fiscal year 2025.

Audit Summary

The Treasurer did not maintain complete financial records and record all financial transactions in a timely manner. The Treasurer did not record financial activity with sufficient detail, including the source of the deposits and the purpose of disbursements, and did not prepare and submit accurate financial reports, bank reconciliations and budget status reports to the Company Executive Board (Board) monthly. In addition, more than \$1.1 million in checks were recorded in the accounting records, on average, 59 days after receipt. As a result, the Company's financial records were incomplete and necessary reports were not developed and submitted in a timely manner, increasing the risk that improper or unauthorized activity could occur without detection or correction.

Although our testing did not identify any improper or unauthorized activity, the Treasurer's inadequate recordkeeping prevented the Board from obtaining sufficient information to effectively oversee the Company's financial operations, make informed decisions and fulfill reporting requirements. If the Board had prepared the annual director's report to members and ensured that an independent auditor annually audited the Treasurer's records, officials could have identified and corrected the omissions and discrepancies we identified.

Specifically, the Treasurer did not:

- Maintain complete accounting records with sufficient detail such as the source of 100 deposits totaling \$369,012 and purpose of 123 disbursements totaling \$108,312 in a timely manner.
- Prepare and submit accurate bank reconciliations and budget status reports to the Board monthly.
- File accurate and timely federal tax forms, which subjected the Company to potential fines totaling \$24,660. Failure to file the forms could jeopardize the Company's tax-exempt status.

The report includes eight recommendations that, if implemented, would improve the Treasurer's records and reports. 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. 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.

Treasurer's Records and Reports: Finding and Recommendations

A fire company treasurer, as the chief fiscal officer, is responsible for recording and reporting all financial transactions in a timely manner and providing periodic financial reports to the fire company board and membership. A fire company treasurer should record financial transactions as soon as practicable. Delays in recording transactions increases the risk of errors, loss or misappropriation of funds.

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 Treasurer did not maintain complete financial records in a timely manner.

The Treasurer maintained an electronic spreadsheet to record the Company's financial activity and to prepare monthly reports to the Board and membership, including disbursement listings and bank balance summaries. However, the Treasurer did not record revenues until receiving monthly bank statements, and disbursements lacked sufficient detail, such as the transaction dates and purpose. Additionally, the Treasurer's reports did not include outstanding checks and deposits in transit. For example, the December 2024 Treasurer's report did not include 24 outstanding checks totaling \$20,438. As a result, the Board could not trace transactions from initiation through the financial records and related reports.

We reviewed all 157 deposit entries totaling approximately \$1.5 million (comprised of 562 items including 458 checks totaling \$1.1 million, 89 cash deposits totaling \$225,270 and 15 online transfers and rebates totaling approximately \$171,000) and 803 disbursement entries totaling approximately \$1 million recorded from January 1, 2024 through August 31, 2025. We determined that the Treasurer did not record all 157 deposit entries totaling approximately \$1.5 million in a timely manner and did not record sufficient detail for 196 deposited items totaling \$244,604 and 165 disbursements totaling \$161,322.

Specifically, we identified the following deficiencies:

- 458 checks totaling \$1.1 million were recorded an average of 59 days after receipt, cash totaling \$225,270 an average of 25 days after deposit and 15 transfers and rebates totaling approximately \$171,000 an average of 14 days after transferred. The Treasurer did not record deposits in a timely manner because deposits were not made timely or intact (deposited in the same form, cash or check, as received).
- 100 deposit entries totaling \$369,012 were recorded without sufficient descriptions to identify the revenue sources. For example, 69 deposit entries totaling \$321,672 referenced "fundraising" but did not identify the specific event. Based on our review of the Treasurer's records and deposit compositions, we could not determine the source of deposited items totaling \$244,604. The lack of sufficient descriptions increased the risk of errors or theft without detection.
- Fundraising committees reported proceeds totaling \$352,252 from 10 fundraising events. However, the Treasurer recorded 100 deposit entries totaling \$369,011 with descriptions indicating fundraisers, fund drives or donations, but the descriptions were insufficient to allow the Board to trace to fundraising reports. Because the Treasurer did not make deposits in a timely manner or intact or accurately record them in the accounting records, we could not determine the source of the additional deposits totaling \$16,759. The Treasurer told us she did not make deposits in a timely manner or intact because she did not have time to make multiple deposits following fundraising events. However, the Treasurer should deposit funds promptly to reduce the risk of loss or theft.

- 123 disbursements totaling \$108,312 were recorded without a purpose listed and 58 disbursements totaling \$78,584 without dates. The Treasurer told us she did not record dates for electronic payments that occurred monthly because the Board was aware of these payments. However, we identified 13 of these disbursements totaling \$30,504 were not electronic payments. Without complete records, the Board could not verify that payments were appropriate or accurately recorded.

As a result of incomplete financial records, the Treasurer could not provide the Board or membership with accurate financial reports, including bank reconciliations and budget status reports. The President told us that the Board did not require budget status reports because it considered the budget to be an estimate of revenues and expenses that the Company may incur but that the Board did not have to monitor during the year. However, budget-to-actual comparisons are essential for monitoring financial activity and identifying variances to see whether the budget was a realistic estimate.

These deficiencies occurred, in part, because the Board did not establish written policies or procedures defining the Treasurer's recordkeeping responsibilities or ensure the Treasurer received adequate training. Although the bylaws required the Treasurer to maintain records and submit records to the audit committee monthly, the bylaws did not specify required records to be reviewed. The audit committee reviewed a monthly listing of claims and supporting invoices before payment rather than complete financial records.

The deficiencies persisted because the Board did not provide a director's report to the membership detailing the Company's assets, liabilities, receipts and disbursements for the year and the number of members, as required by New York State Not-for-Profit Corporation Law (NFPCL) Section 519. Furthermore, the Board did not obtain an annual audit of financial records by an independent public accountant for 2024 and 2025. The President told us he was unaware of these requirements before our risk assessment and the Board hired an accountant to perform audits for 2024 and 2025. However, the 2024 annual audit was not completed before the end of audit fieldwork on January 9, 2026.

Additionally, the Board did not ensure that the Treasurer or other individual filed accurate federal tax forms required by the Internal Revenue Service (IRS) in a timely manner. Although the Board hired an accountant who filed the federal tax forms for 2020 through 2023 on November 14, 2024, the late filing subjected the Company to potential fines totaling \$24,660.¹ The accountant filed an extension before filing the 2024 form, but the amounts reported did not agree with the Treasurer's records.

Although we did not identify any improper or unauthorized activity, the Treasurer's inadequate recordkeeping prevented the Board from obtaining sufficient information to effectively oversee the Company's financial operations, make informed financial decisions and fulfill reporting requirements. Had the Treasurer prepared and the Board or audit committee reviewed budget status reports and bank reconciliations and ensured required annual audits were conducted, the deficiencies in the Treasurer's records may have been identified.

Without complete financial records maintained in a timely manner, the Board cannot effectively monitor and manage Company operations.

Recommendations

The Board should:

1. Develop and adopt written policies and procedures that clearly define the Treasurer's financial responsibilities, including requirements for maintaining complete financial records in a timely manner, and ensure the Treasurer receives appropriate training to perform those duties.

¹ The IRS waived the potential penalty for 2022.

2. Request and review monthly financial reports including bank reconciliations and budget status reports to monitor financial activity and ensure the Treasurer maintains accurate and complete financial records.
3. Provide an annual director's report to the membership detailing the Company's assets, liabilities, receipts and disbursements.
4. Ensure that an independent public accountant conducts the required annual audit of the Company's financial records.
5. Ensure the Company's federal tax filings are accurate and filed in a timely manner.

The Treasurer should:

6. Record financial transactions completely and in a timely manner, including the transaction date, source, purpose, type (cash, check, or electronic fund transfers) and amount, to allow the Board to trace transactions from initiation through reporting.
7. Deposit all collections intact and in a timely manner.
8. Prepare and submit complete monthly financial reports to the Board and audit committee, including detailed revenues and disbursements, bank reconciliations and budget status reports.

Appendix A: Profile, Criteria and Resources

Profile

The Company is a not-for-profit organization that provides fire protection and emergency services to the Towns of Hartland, Lockport and Newfane in Niagara County.

The Company is governed by its bylaws and a nine-member Board responsible for overseeing the Company's overall financial management. The Treasurer, who is also a Board member, is responsible for maintaining the Company's financial records and preparing monthly financial reports.

The Board appointed an audit committee to review the Treasurer's records and audit claims. Fundraising committees organize fundraising events, account for proceeds collected and develop profit and loss reports for the Treasurer and the Board.

Criteria

A fire company treasurer should record and report financial transactions completely and in a timely manner to enable informed decision-making by the fire company board, prevent fraud or misappropriation of funds, comply with reporting requirements and maintain public trust. A treasurer should also deposit collections intact and in a timely manner and record transactions in the financial records as soon as practicable. The longer transactions remain unrecorded, the greater the risk of misappropriation of funds.

Complete financial records should include sufficient detail to allow the fire company board to identify and trace transactions, including transaction date, type (cash, check or electronic funds transfer), amount, and description. To help ensure financial transactions are recorded accurately and in a timely manner, the fire company board should periodically receive and review financial reports that detail collections, disbursements, account balances and budget-to-actual comparisons for revenues and expenses.

The fire company board is responsible for overseeing the fire company's fiscal activities and safeguarding its resources. To fulfill this responsibility, the fire company board should establish a system of internal controls, including clearly defined bylaws, policies and procedures to help ensure effective oversight of financial activities, accountability of money collected, and proper recording of transactions so that financial reports are accurate, reliable and filed in a timely manner. Additionally, the fire company board should ensure that annual tax filings are accurate and filed in a timely manner.

NFPCL Section 519 requires a fire company board to provide an annual director's report to the members at the annual meeting that details the fire company's assets and liabilities, receipts and disbursements for the year and the number of members.

New York State General Municipal Law Section 209 requires fire companies with annual revenues of \$400,000 or more to obtain an annual audit by an independent public accountant.

Additional Resources

OSC *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 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>

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

The content below is a reproduced copy of the original response letter issued by Company officials and is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,² and may have included changes to spelling and grammar. The substance of the content was not changed.

Wrights Corners Fire Company, Inc.

Chief – Jonathan McKnight President – Michael J. Norwood
1st Asst. – Ryan Dickinson Vice President – Mathew Hnat

To:

Office of the New York State Comptroller
110 State Street
Albany, NY 12207

Subject: Acknowledgment of Findings

To Whom It May Concern,

On behalf of Wrights Corners Fire Company Inc., I am writing to formally acknowledge our receipt of the findings from the New York State Comptroller's Office, as outlined in your report.

We appreciate the thorough review conducted by your Office and the detailed observations provided. The findings have been carefully reviewed, and we are committed to addressing the recommendations outlined to ensure compliance, enhance operational efficiency and strengthen internal controls.

We value the guidance of the Comptroller's Office and remain committed to transparency and continuous improvement in all aspects of our operations.

Sincerely,

Michael J. Norwood
President
Wrights Corners Fire Co., Inc.

² <https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule>

Appendix C: Audit Methodology and Standards

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 officials and reviewed the Company's bylaws, Board meeting minutes, bank statements, financial records, adopted budgets and other relevant documentation to gain an understanding of the Treasurer's process for recording financial transactions, determine whether necessary reports were prepared and the Board's process for reviewing the Treasurer's records and reports.
- We reviewed all 157 deposit entries totaling approximately \$1.5 million and 803 disbursement entries totaling approximately \$1 million made from January 1, 2024 through August 31, 2025. We compared these entries to bank statements and deposit compositions to determine the timing and accuracy of information recorded in the Treasurer's records. We also compared these entries to supporting documentation (e.g., invoices, receipts and meeting minutes) to determine whether collections were recorded accurately and in a timely manner and disbursements were for appropriate Company purposes.
- We reviewed all of the Company's fundraising activity reports, bank statements and deposit compositions from January 1, 2024 through August 31, 2025 to determine whether proceeds were deposited intact and properly recorded and supported Treasurer's records.
- We compared total revenues and expenditures reported on the IRS Form 990 filed for 2024 to the Treasurer's 2024 financial records to determine whether reported amounts agreed with the Treasurer's records.

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.

Questions?

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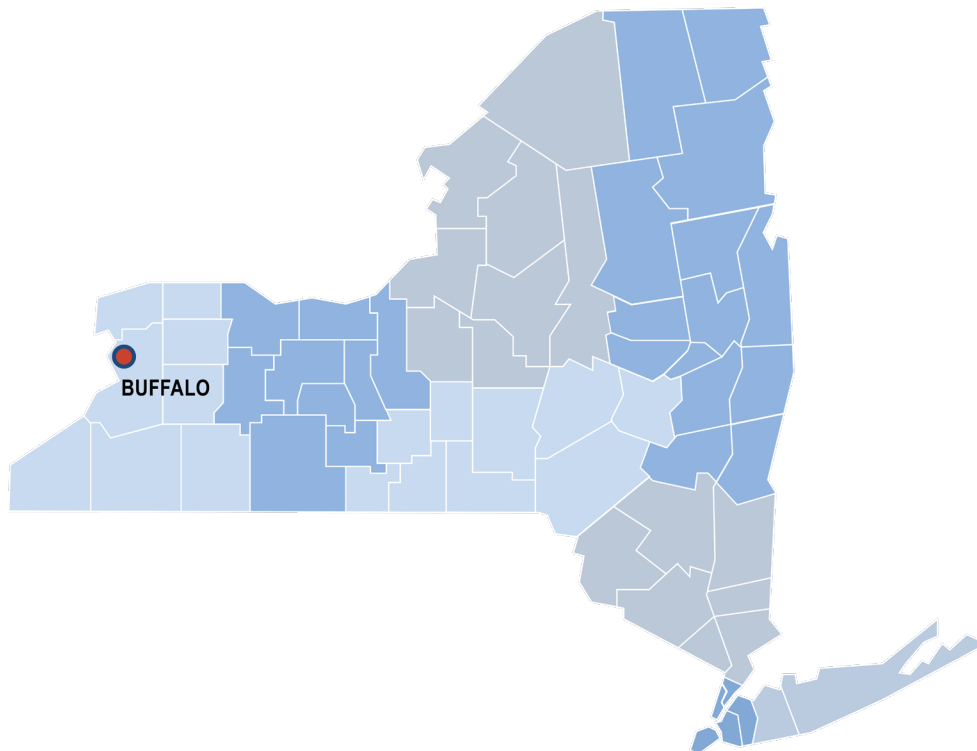
Melissa A. Myers, Chief of Municipal Audits

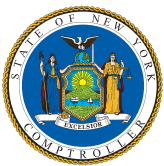
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Office of the New York State Comptroller
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