Barry B. McGoey, President  
Members of the Board  
Mutual Aid Association of the Paid Fire Department  
of the City of Yonkers, New York Inc.  
470 Nepperhan Avenue  
Yonkers, NY 10701

Report Number: S9-17-7

Dear President McGoey and Members of the Board:

The Office of the State Comptroller’s goals include enabling and encouraging entities that receive and disburse foreign fire insurance (FFI) tax money to properly account for, use and protect this money.

In accordance with these goals, we conducted an audit of FFI tax money in six entities throughout New York State. The objectives of our audit were to determine whether FFI tax money was spent in accordance with special act legislation, city charters, or other applicable laws. Our objectives also included determining whether those disbursements were properly supported and accounted for separately and whether the Treasurer, or if there is none, the chief fiscal officer of the entity receiving and disbursing FFI tax money, prepared an annual report on revenues and expenditures of FFI tax money and filed it with the New York State Office of the State Comptroller, as required by New York State General Municipal Law. We included the Mutual Aid Association of the Paid Fire Department of the City of Yonkers, New York Inc. (Association) in this audit. Within the scope of this audit, we examined FFI tax money received and used for the period January 1, 2014 through August 5, 2016. This audit was conducted pursuant to the State Comptroller’s authority as set forth in article V, Section 1 of the State Constitution and article 3, Section 33-a of the New York State General Municipal Law.

This report of examination letter contains our findings and recommendations specific to the Association. We discussed the findings and recommendations with officials and considered their comments, which appear in Appendix A, in preparing this report. Except as indicated in Appendix A, officials generally agreed with our recommendations and indicated they planned to initiate corrective action. Appendix B includes our comments on issues raised in the Association’s

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1 This section generally authorizes the Comptroller to inspect and examine the records and accounts of any entity receiving and disbursing foreign fire insurance tax money, with respect to funds received after January 1, 1976.
response. At the completion of our audit of the six entities, we prepared a global report that summarizes the significant issues we identified at all of the entities audited.

**Summary of Findings**

We found that the Association was not in compliance with its special act (chapter 308 of the Laws of 1912, as amended by chapter 920 of the Laws of 1962.) Association officials presented very limited facts to demonstrate that FFI tax money, totaling over $1.4 million, was used for the care of indigent and disabled firemen and their families, as provided by the special act. Rather, the Association used the FFI tax money to reimburse costs related to active firemen and family members’ health benefits, social events and administrative costs for the Association’s operation and payroll. Association officials were operating under the terms of a Trust Agreement and benefit plan, which we found to be inconsistent with the disbursement requirements of the special act and prior State Comptroller opinions. Association officials told us they were not aware of the special act and the required use of FFI tax money; however, they have proactively taken action to request that the special act be amended, which would allow FFI tax money to be used in accordance with Insurance Law Sections 9104 and 9105. The special act was amended on December 18, 2017, subsequent to issuance of the draft audit report, by Chapter 499 of the Laws of 2017.

The Association’s Treasurer reported the receipts, expenditures and balances for both years in our audit period (2014 and 2015) to the Office of the State Comptroller in a timely manner. However, we found when auditing to the special act that the majority of disbursements were inconsistent with the authorized use of FFI money. FFI tax money reported spent on active firefighters’ group life insurance totaling $49,653 for the audit period may have been an appropriate use if the Association had defined “family” and ensured the beneficiaries named by the member fit the definition to ensure compliance with the special act. Association officials responded to a related draft audit recommendation by developing a broad definition of “family” with respect to those who may be listed as beneficiaries of the group life insurance policy. In addition, of the 72 disbursements tested totaling $230,277, eight totaling $15,449 did not have any documentation and 12 totaling $21,382 had incomplete documentation supporting the expenditure classification. Of the eight disbursements that did not have documentation, six totaling $6,449 were paid to active firefighters.

**Background and Methodology**

The Association is a not-for-profit corporation located in the City of Yonkers, Westchester County. It is composed of paid firefighters from the City of Yonkers Fire Department, which covers 18.3 square miles and serves approximately 200,000 residents. The Association is governed by a nine-member Executive Board (Board), which includes a President, Vice-President, Secretary, Treasurer and five Trustees. The Association is funded almost exclusively by the FFI tax money, which for the calendar years 2014 through 2016 totaled $552,353, $621,861 and $621,353, respectively.

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2 “Anyone with whom you reside in the same housing unit with and with whom you are related to by birth, marriage, adoption or other legal or emotional bond, and if no such persons exist then anyone with whom you share a close affinity to or consanguinity with.”
Unless a special law enacted by the State Legislature or a pre-1989 local law provides otherwise, the distribution and use of FFI tax money is governed by the State’s Insurance Law (Insurance Law) Sections 9104 and 9105. In general, Insurance Law provides that the treasurer or other fiscal officer of the fire department affording fire protection coverage to the insured property receives the FFI tax money. If the fire department does not have a treasurer or other fiscal officer, then the FFI tax money is to be paid to the fiscal officer of the authorities having jurisdiction or control of the fire department. Unless provided otherwise by a special act, the FFI tax money may be spent for any purpose which the membership of the fire department or company determine to be for the benefit of the fire department or company, provided the expenditure is not illegal or contrary to public policy.

Special State legislation (special act) provides that the Association be the recipient of the FFI tax money. An independent welfare trust (Trust), also known as the Trust Fund or Welfare Fund, was established as a vehicle to receive and accept foreign fire insurance payments for the purpose of providing the Yonkers professional firefighters and their families and dependents with various benefits. The Trust money and assets are managed by the Association’s Board.

To achieve our audit objectives, we conducted interviews with officials and reviewed policies/procedures and agreements. We also reviewed documentation maintained to support disbursements for the records we sampled. We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). More information on the standards and the methodology used in performing this audit are included in Appendix C of this report. 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 to the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

Audit Results

The Association is responsible for administering the receipt and use of FFI tax money received each year, as required by the special act. The special act requires the FFI tax money to be used for the care of indigent and disabled firemen and their families. An annual report on expenditures,

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3 Insurance Law Sections 9104 and 9105 impose a tax at the rate of 2 percent on the premiums of fire insurance policies written by certain out-of-State insurers. Insurance Law Section 9104 provides that the FFI tax imposed “be paid by every foreign and alien fire insurance corporation, association or individuals which insure property against loss or damage by fire, except foreign mutual fire insurance companies....” Insurance Law Section 9105 provides that the FFI tax imposed be paid by every foreign mutual fire insurance company or association authorized to do business in this State. In general, the FFI taxes imposed by Insurance Law are paid by the Insurer to the New York State Department of Financial Services, which in turn, distributes the proceeds to the proper local recipients. According to the Department of Financial Services website, recipients of FFI money include fire departments, fire companies, benevolent associations and the Firemen’s Association of the State of New York (FASNY).

4 In a multi-company fire department, the treasurer or fiscal officer receiving the FFI tax money must, in turn, distribute the amount received to the companies constituting the fire department, proportionate to the number of active members in each fire company.

5 Chapter 308 of the Laws of 1912, as amended by Chapter 920 of the Laws of 1962

6 See Agreement and Declaration of Trust, dated June 4, 1986. For purposes of this report, we did not address whether the Association, consistent with its special act, had authority to transfer custody of the FFI tax money to the Trust.

7 Chapter 308 of the Laws of 1912, as amended by chapter 920 of the Laws of 1962.
receipts and balances of FFI each year must be submitted to the State Comptroller by the Association’s Treasurer.

The Association is not in compliance with the use of FFI tax money, totaling over $1.4 million for the period 2014 through July 2016,\(^8\) as set forth in the special act. While FFI tax money should have been used for the care of indigent and disabled firemen and their families, the Association used FFI tax money to reimburse costs related to active firemen and family members’ health benefits, social events, and administrative costs for the Association’s office operation and payroll. The Association’s Board was operating under the terms of a Trust Agreement and benefit plan, which is inconsistent with the requirements of the special act and prior State Comptroller’s opinions.\(^9\) However, FFI tax money, reported totaling $49,653 for the audit period, used to purchase group life insurance for active firefighters may have been an appropriate use if the Association had defined “family” and ensured the beneficiaries named by the member fit the definition to ensure compliance with the special act. The Association filed its annual report to the State Comptroller in a timely manner for calendar years 2014 and 2015; however, the disbursements reported were inconsistent with the special act.

**Cash Disbursements**

The special act requires the Association to pay 10 percent of the amount of FFI tax money it receives to FASNY for the support or maintenance of the Volunteer Firemen’s Home at Hudson, and requires the Association to use the balance “for the care of indigent and disabled firemen and their families.”\(^10\) However, the majority of the balance of the FFI tax money was not being used for the care of indigent and disabled firemen and their families as specified in the special act. Figure 1 shows the types of reported FFI disbursements for 2014 through July 2016.

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8 Disbursements made by the Association’s Treasurer were dated January 1, 2014 through July 19, 2016. Disbursements made by the third-party administrator were dated August 8, 2014 through July 25, 2016. For purposes of this report, we did not address whether there was authority for a third-party administrator to make such disbursements.

9 See New York State Comptroller Opinion Nos. 80-58; 76-972; and 75-506.

10 See Chapter 308 of the Laws of 1912, as amended by Chapter 920 of the Laws of 1962
The Association used FFI tax money to reimburse current members and their family members for health benefit costs according to criteria established by the Association and paid by a third-party administrator. Such health benefit costs included items such as a vision exam, maternity/adoption benefits, 20 percent major medical reimbursements, physical incentive program (i.e., gym membership) reimbursements, participating provider and/or prescription copayment reimbursements, and major medical deductible reimbursements. Costs associated with these benefits averaged about $320,000 each year. All active firefighters are eligible for a $25,000 life insurance policy paid using FFI tax money, averaging $19,245 or a reported total of $49,653 for the audit period. All of these benefits cease upon removal of the member from active service, or retirement from the Yonkers Fire Department.

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11 The third-party administrator started making payments on behalf of the Association in August 2014. Prior to that date the Association Treasurer made these payments.
The Association also used FFI tax money for administrative payroll and operational costs, bank service charges, “good and welfare” (such as parties, races and sports teams), dinner dance, newsletter, hospitality, professional fees, coffee, wack supplement [sic] and calendars. The Association also pays the third-party vendor to administer checks to members for reimbursement of qualified health related expenditures.

We selected 72 disbursements (51 paid by the Association and 21 paid by the third-party administrator),\(^\text{12}\) totaling $230,277, to determine whether they were an appropriate use of FFI tax money and properly supported, and whether expenditures were accurately reported. Out of the 72 disbursements tested, three disbursements for group life insurance, totaling $6,023, were potentially appropriate according the special act,\(^\text{13}\) while the other 69 were inconsistent with the act’s requirements. Under a special act similar to the one applicable here, FFI tax money may be expended to purchase a group life insurance policy for firefighters provided that the participating firefighters under such policy designate “family” members as their beneficiaries.\(^\text{14}\) We have generally indicated that the Association has discretion to interpret the word “families” when naming such beneficiaries. However, the Association did not have a written definition of who may be a beneficiary or a process to help ensure the designated beneficiary meets the requirements of the special act. Subsequent to issuance of the draft audit report, Association officials developed a broad definition of “family” with respect to those who may be listed as beneficiaries of the group life insurance policy.\(^\text{15}\) Of the 51 disbursements made by the Association, eight totaling $15,449 did not have supporting documentation (Figure 2). All occurred in 2014.

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Amount Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>20% Major Medical</td>
<td>$250</td>
</tr>
<tr>
<td>Co-Pay Major Medical</td>
<td>$2,300</td>
</tr>
<tr>
<td>Dinner Dance</td>
<td>$5,000</td>
</tr>
<tr>
<td>Good &amp; Welfare</td>
<td>$4,000</td>
</tr>
<tr>
<td>Hospitality</td>
<td>$277</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$2,394</td>
</tr>
<tr>
<td>Physical Incentive Plan</td>
<td>$920</td>
</tr>
<tr>
<td>Public Relations</td>
<td>$308</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15,449</strong></td>
</tr>
</tbody>
</table>

While one check was payable for $5,000 to a hotel for a dinner dance event deposit as documented on the canceled check’s memo line, the other seven disbursements, totaling $10,449, were payable to individuals. One of the seven disbursements, totaling $4,000, was for catering, and the other six disbursements, totaling $6,449, were paid to firefighters. Association officials said payments to these six firefighters were for reimbursement of medical and physical incentives, expenditures

\(^{12}\) See Appendix C for methodology.

\(^{13}\) See Chapter 308 of the Laws of 1912, as amended by Chapter 920 of the Laws of 1962

\(^{14}\) See, e.g. New York State Comptroller Opn Nos. 83-120, 2000-16

\(^{15}\) “Anyone with whom you reside in the same housing unit with and whom you are related to by birth, marriage, adoption or other legal or emotional bond, and if no such persons exist then anyone with whom you share a close affinity to or consanguinity with.”
related to an annual amusement park event, toys purchased for a charity event and lodging for attending an out-of-town funeral for a fireman.

Twelve of the 51 disbursements, totaling $21,382, had incomplete documentation to support the reported classification (Figure 3).\(^{16}\)

<table>
<thead>
<tr>
<th>Account Classification</th>
<th>Individual Disbursements</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
<td>Total</td>
</tr>
<tr>
<td>Co-Pay Major Medical</td>
<td>$ -</td>
<td>$2,150</td>
<td>$ -</td>
<td>$2,150</td>
</tr>
<tr>
<td>Dinner Dance</td>
<td>$1,820</td>
<td>$3,491</td>
<td>$ -</td>
<td>$5,311</td>
</tr>
<tr>
<td>Good &amp; Welfare</td>
<td>$ -</td>
<td>$5,183</td>
<td>$907</td>
<td>$6,090</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$ -</td>
<td>$560</td>
<td>$1,000</td>
<td>$1,560</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>$1,985</td>
<td>$ -</td>
<td>$944</td>
<td>$2,929</td>
</tr>
<tr>
<td>Public Relations</td>
<td>$ -</td>
<td>$1,100</td>
<td>$ -</td>
<td>$1,100</td>
</tr>
<tr>
<td>Taxes- Payroll</td>
<td>$ -</td>
<td>$975</td>
<td>$1,267</td>
<td>$2,242</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$3,805</strong></td>
<td><strong>$13,459</strong></td>
<td><strong>$4,118</strong></td>
<td><strong>$21,382</strong></td>
</tr>
</tbody>
</table>

The supporting documentation lacked necessary details to determine the specific items and purpose. For example, a $6,090 disbursement from a credit card statement, classified as “Good & Welfare,” showed the dollar amount broken down among multiple companies but did not include supporting documentation of the items purchased. Payments to an instructor of a defensive driving course were supported with a sign-in sheet for the students, but there was no detail of the times or hours of instruction, the amount charged per student and the total amount due. The Association Treasurer attributed the omissions and errors to turnover in personnel during our audit period.

Of the 21 payments made by the third party, we found no exceptions in documentation of the payments or of the classifications.

Association officials told us that FFI tax money was not used for the care of the indigent and disabled firemen and their families, but was administered based on the Trust agreement. However, we found that the Agreement is inconsistent with the Association’s special act and prior State Comptroller’s opinions. There were no additional written procedures for the receipt or disbursement of FFI tax money. Although Association officials said they were not aware of the special act and the required use of FFI tax money, failure to disburse these funds, consistent with the special act, contravenes the purpose of the special act.

**Annual Financial Report**

GML requires the treasurers of organizations that receive and disburse FFI tax money to file an annual report with the State Comptroller showing the receipts, expenditures and balances related to such money.

\(^{16}\) In 2014, the Association had a change of personnel (the Treasurer, office secretary, and accountant) and also switched from internally processing benefit claims to using a third-party vendor. As a result, not all journal entries were available for audit, which limited our ability to verify the accuracy of the disbursement classifications reported.
The Treasurer submitted timely reports to OSC for the calendar years 2014 and 2015 (on February 27, 2015 and February 15, 2016, respectively). Therefore, the Association is in compliance with this statutory requirement, which helps ensure the transparency of the Association’s use of the FFI tax.

**Recommendations**

The Board should:

1. Follow the requirements of the special act to ensure that all foreign fire insurance money is disbursed in accordance with the special act, or, if appropriate, contact legal counsel to discuss actions needed to change the special act. Auditor’s note: During our audit fieldwork, officials took action to request that the special act be amended. Subsequent to issuance of the draft audit report the special act was amended on December 18, 2017, by Chapter 499 of the Laws of 2017.

2. Develop a life insurance beneficiary definition of “family” to follow the requirements of the special act to ensure that all foreign fire insurance money is disbursed in accordance with the special act. Auditor’s note: Association officials responded to this draft audit recommendation by developing a broad definition of “family” with respect to those who may be listed as beneficiaries of the group life insurance policy.

The Board of the Mutual Aid Association of the Paid Fire Department of the City of Yonkers, New York Inc. has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days. We encourage the Board to make this plan available for public review in the Secretary’s office.

We thank the officials and staff of the Mutual Aid Association of the Paid Fire Department of the City of Yonkers, New York, Inc. for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller
APPENDIX A

RESPONSE FROM ASSOCIATION OFFICIALS

The Association officials’ response to this audit can be found on the following pages.
August 4, 2017

Hon. Gabriel F. Deyo
Deputy Comptroller
Office of the NYS Comptroller
Division of Local Government
and School Accountability
110 State Street
Albany, New York 12236

Re: Report Number S9-17-7

Hon. Gabriel F. Deyo:

The Mutual Aid Association of the Paid Fire Department of the City of Yonkers, New York, Inc. ("Association") has received and reviewed the Comptrollers Draft Audit Report (Report Number S9-17-7) of the Foreign Fire Insurance ("FFI") for the period January 1, 2014 through August 5, 2016.

On behalf of the Association we would like to thank the NYS Comptroller’s Office for the above referenced examination and recommendations. The examination was extremely thorough and was conducted by your audit team in a very professional manner. Please accept this letter to serve as both our Audit Response as well as our Corrective Action Plan.

We have already taken steps to implement the audit recommendations. There are, however, a number of mitigating factors which the Report did not address. These mitigating factors, outlined below include: (1) the Board had no knowledge of the Special Act which was originally enacted in 1912; (2) the Board acted in accordance with and consistently with the requirements of NYS Insurance Law Sections 9104 and 9105 in the absence of knowledge of the Special Act; (3) the
Special Act, which covers "indigent and disabled" firemen has been effectively obsolete for many years and there are no longer individuals who may be classified as such; and (4) upon learning of the Special Act of 1912, the Board promptly took steps to obtain legislation in Albany to change the Special Act legislatively and almost immediately ceased expending foreign fire insurance moneys other than to cover administrative costs and group life insurance policies. We respectfully request that the audit report acknowledge these mitigating factors and the good faith prompt actions of the Board to address the audit findings.

Turning to the two (2) audit recommendations we will recite each one and summarize the actions we have or will take on each such recommendation:

AUDIT RECOMMENDATION 1

"The Board should follow the requirements of the special act to ensure that all foreign fire insurance moneys are disbursed in accordance with the special act, or, if appropriate, contact legal counsel to discuss actions needed to change the special act."

ACTIONS TAKEN

Upon being notified of the existence of the Special Act of 1912, as amended in 1927 and 1962, and without being requested or directed to do so by the auditors or any other person or entity the Board of the Association immediately ceased expending FFI monies for any purposes other than for group life insurance policy benefits for all members of the Fire Department which the auditors confirmed was an appropriate use of the FFI monies as long as the selected beneficiaries of such group life insurance policies were family members of the insured group members. Other than for this purpose and to cover administrative costs and professional accounting fees, no FFI monies have been expended since we were informed of the existence of the Special Act of 1912.

Even prior to receiving the recommendations in this audit report, the Board of the Association consulted with legal counsel and a legislative consultant to take actions to propose a legislative amendment to the Special Act of 1912, as amended in 1927 and 1962. As a result of those efforts Assembly Bill A08314 and Senate Bill S06670 were introduced into their respective Houses of the NYS Legislature seeking to amend the Special Act of 1912 so as to require that the FFI be expended pursuant to NYS Insurance Law Sections 9104 and 9105. Both bills unanimously passed the Senate and the Assembly on June 21, 2017 and as of the date of this letter are awaiting transmittal to the Honorable Governor of New York, Andrew M. Cuomo, for his deliberation and action.

AUDIT RECOMMENDATION 2

"The Board should develop a life insurance beneficiary definition of "family" to follow the requirements of the special act to ensure that all foreign fire insurance moneys are disbursed in accordance with the special act."

ACTIONS TAKEN

The Board of the Association has developed the following broad and inclusionary definition of "family" with respect to those who may be listed as beneficiaries of the group life insurance policy:
"Anyone with whom you reside in the same housing unit with and with whom you are related to by birth, marriage, adoption or other legal or emotional bond, and if no such persons exist then anyone with whom you share a close affinity to or consanguinity with."

Again, thank you and your audit team for conducting the audit and for bringing the above cited issues to our attention so that we could take immediate corrective actions.

Very truly yours,

Barry B. McGoey, President
APPENDIX B

OSC COMMENTS ON THE ASSOCIATION’S RESPONSE

Note 1

Generally, an organization should implement a process to help ensure there is a continuity of knowledge of actions taken by prior Boards. Among the information available to the Association to facilitate the transfer of historical knowledge concerning the use of FFI tax money to Association members are the special acts themselves, a court case to which the Association was a party, challenging the Association’s by-law limiting the use of FFI money to indigent and disabled members of the Association (Uniformed Fire Officers Assoc. v Mutual Aid Assoc., 1981, 82 AD2d 916 appeal withdrawn 54 NY2d 1027); and several advisory legal opinions rendered by OSC at the Union’s request, which consistently concluded that, pursuant to the special act, the FFI money received by the Association could only be used for the care of indigent and disabled firefighters and their families (e.g., Opn St Comp Nos. 80-58, 76-972, 75-506).

Note 2

As noted in the report, unless there is a special law enacted by the State Legislature or a pre-1989 local law providing otherwise, the distribution and use of FFI tax money is governed by Insurance Law Sections 9104 and 9105. Here, the Association is subject to a special act of the State Legislature. Therefore, our audit focused on the Association’s responsibility to use FFI tax money in accordance with the special act. We did not audit against the provisions of Insurance Law Sections 9104 and 9105.

Note 3

If it is the Association’s view that the special act “has been effectively obsolete for many years” as suggested in the Association’s response, the remedy would be to seek an amendment to the special act. As noted in the Association’s response, upon learning of the special act, the Board did take steps to seek a legislative amendment to the special act. We have noted the result of the Board’s action to amend the special act in the report.

Note 4

As discussed in the report, in our view, under special acts similar to the one applicable here, FFI tax money may be expended to purchase a group life insurance policy for firefighters, provided that the participating firefighters under such policy designate “family” members as their beneficiaries. As we also noted, we have generally indicated that the Association has discretion to interpret the word “families” when naming such beneficiaries. The Association’s response indicates that the Board has now developed a definition of “family” with respect to who may be

18 See, e.g. New York State Comptroller Opn Nos. 83-120, 2000-16
listed as a beneficiary of the group life insurance policy. We have noted the Association’s corrective action in the report.
APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We reviewed the Special Act of 1912, as amended by Chapter 920 of the Laws of 1962, to determine authority to receive and use FFI tax money.

- We interviewed Association officials involved in the administration, receipt and use of FFI tax money for general background information and policies/procedures in place.

- We reviewed the Association’s records including the Trust Agreement, By-Laws, Board minutes, receipts, financial reports, and other available documentation and correspondence related to FFI and addressing financial activity.

- We reviewed the Association’s minutes and available documentation for information concerning approvals on FFI tax disbursements.

- We reviewed canceled checks and supporting documentation, such as invoices for individual FFI tax disbursements, to determine compliance with the special act.

- We determined the reliability of reported FFI tax disbursements for our audit scope period and reviewed the accounting for the FFI tax money to determine whether money was deposited into the bank account.

- We reconciled FFI tax disbursements to annual reported amounts. Pivot tables were filtered to select an audit sample of one disbursement per type of classification for testing. We traced a sample of disbursements to bank statements including check images, to determine whether the disbursements were in accordance with Trust Agreement. We reviewed supporting documentation to determine whether the classifications per the auditee’s books and as reported annually were accurate, and whether they were appropriate according to the special act.

- We determined the date the Association’s annual report was filed by comparing it with the Comptroller’s Office copy on file.

We conducted this performance audit in accordance with 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.