



# **Gates Fire District**

---

## Board Oversight of Long-Term Planning

**2024M-10 | June 2024**

# Contents

---

- Report Highlights . . . . . 1**
  
- Board Oversight of Long-Term Planning . . . . . 2**
  - What Is Effective Long-Term Planning? . . . . . 2
  
  - The Board and District Officials Did Not Develop Written  
Financial and Capital Plans . . . . . 3
  
  - The Board Did Not Ensure the Treasurer Provided Adequate and  
Accurate Financial Reports . . . . . 6
  
  - What Do We Recommend? . . . . . 7
  
- Appendix A – Response From District Officials . . . . . 9**
  
- Appendix B – OSC Comments on the District’s Response . . . . . 15**
  
- Appendix C – Audit Methodology and Standards . . . . . 16**
  
- Appendix D – Resources and Services . . . . . 18**

# Report Highlights

## Gates Fire District

### Audit Objective

Determine whether the Gates Fire District (District) Board of Fire Commissioners (Board) and officials properly planned for long-term financial and capital needs.

### Key Findings

The Board and District officials did not properly plan for the District's long-term financial and capital needs, which inhibited the Board and officials from effectively managing finances and addressing future operating and capital needs. In addition, the Board's ability to assess the effect of current operations on long-term financial needs was hindered by inaccurate and inadequate financial records and reports and the Board's unrealistic budgeting. As a result, the Board was not transparent with taxpayers and fund balance declined despite the Board increasing the tax levy more than \$7.5 million (80 percent) for 2020 through 2024.

We also determined that:

- The District did not have a written multiyear (long-term) financial plan or an adequate capital plan.
- Officials were unable to formally evaluate the \$1.9 million reserve balance as of December 31, 2023 to determine whether the funding was reasonable or would be sufficient for future needs.

### Key Recommendations

- Adopt written long-term financial and capital plans to be used in conjunction with the budget process.
- Maintain reasonable, sufficient unrestricted fund balance and reserves, and adopt realistic budgets that include all anticipated revenues and planned expenditures.

District officials disagreed with certain aspects of our findings but indicated they have initiated corrective action. Appendix B includes our comments on the District's response letter.

### Audit Period

January 1, 2020 – January 9, 2024

### Background

The District provides fire protection and emergency services within the Towns of Chili and Gates in Monroe County (County).

An elected five-member Board is responsible for the general management and control of financial operations, including adopting annual budgets and establishing financial policies and long-term financial and capital plans.

The Board-appointed Treasurer is the District's chief fiscal officer and is responsible for the custody, receipt, disbursement and accounting for District funds and preparing periodic financial reports. The financial clerk assists with these responsibilities. The current Treasurer started in May 2021.

The Fire Chief oversees all firefighters and other administrative staff, and is responsible for providing budget input and information for operational and capital needs to the Board.

Once the Board adopts the budget, County personnel allocate the tax levy to each Town, calculate the tax rates and prepare the tax bills.

#### Quick Facts

Fire Stations	3
2024 Appropriations	\$17.5 million
2024 Tax Levy	\$17.0 million

# Board Oversight of Long-Term Planning

---

## What Is Effective Long-Term Planning?

A fire district board (board), with assistance from other fire district officials, should develop written multiyear financial and capital plans to enable fire district officials to:

- Identify revenue and expenditure trends,
- Establish long-term priorities and goals,
- Consider the impact of near-term budgeting decisions on future fiscal years, and
- Assess the merits of alternative approaches (such as using unrestricted fund balance or establishing and using reserves) to finance operations.

A board should periodically review and update these multiyear plans to provide a reliable framework for preparing budgets so that information used to guide decisions is current and accurate.<sup>1</sup> After approving the plans, the board should incorporate its decisions affecting the annual operating budget into the budget process and monitor the impact of those decisions during the year.

A board should adopt a policy that defines the amounts of fund balance, including reserves, that the fire district should reasonably maintain. A board should retain a reasonable amount of fund balance for unforeseen circumstances and to provide cash flow – for example, to compensate for timing differences between when revenues are received and expenditures are made. A board can also legally set aside, or reserve, a portion of fund balance to finance future costs for specific purposes (e.g., capital improvements or vehicle replacements).

Effective fund balance management is a critical component of long-term planning because it can help a board ensure that sufficient resources will be available to finance future needs. A board should effectively manage fund balance by adopting reasonably estimated and structurally balanced budgets based on historical data or known trends in which recurring revenues finance recurring expenditures. In preparing a budget, a board must estimate the amounts a fire district will spend and receive, the amount of fund balance that will be available at fiscal year-end to use towards the next year's budget, and the expected real property tax levy.

Accurate estimates help ensure that the tax levy is sufficient, but not excessive, and that unrestricted fund balance amounts are reasonable. To be transparent, a board should include the funding and use of reserves in the annual budget to give taxpayers the opportunity to know the board's plans for the reserves.

---

<sup>1</sup> Refer to OSC's publications titled Multiyear Financial Planning (<https://www.osc.state.ny.us/files/local-government/publications/pdf/multiyear.pdf>) and Multiyear Capital Planning (<https://www.osc.ny.gov/files/local-government/publications/pdf/multiyear-capital-planning.pdf>).

---

A board must ensure the treasurer provides complete and accurate reports that properly and accurately reflect the fire district's financial activity to effectively manage financial operations and monitor whether current operations support the plans for long-term operating and capital needs.

### **The Board and District Officials Did Not Develop Written Financial and Capital Plans**

The Board and District officials did not develop a written long-term financial plan and a comprehensive capital plan, which inhibited them from effectively managing finances and addressing future operating and capital needs. The Board passed a resolution in December 2021 to increase staffing (by 16 firefighters) from 2022 through 2024 and replace certain apparatus from 2022 through 2026. Although the resolution stated that the District performed exhaustive research and planning prior to adopting the resolution, the Board and District officials did not have a formal written plan, including the estimated costs for increased staffing, or how they intended to fund the increased staffing and apparatus replacement. The Board Chairman and Treasurer told us that the Board discussed cost estimates, such as the total cost of adding a firefighter, but this was not adequately documented.

Without a written long-term financial plan, officials did not determine, among other things, the sustained additional financial needs that increasing the number of paid staff would have on operational and other expenditures (such as increased costs for training and gear), how these additional needs would be funded long term, or the effect of these decisions on fund balance and the tax levy. In order to meet the desired staffing levels and support other operational and capital needs, the Board overrode the real property tax cap limit<sup>2</sup> for 2020 through 2024. Over these five years, the Board increased the tax levy more than \$7.5 million, or 80 percent. Although the Treasurer told us that she believed that future year increases would be less, officials did not have a written plan to support this or determine the long-term effects or additional tax levy increases needed.

While the Fire Chief's office prepared a projected vehicle, truck and equipment replacement schedule and the Board discussed certain capital needs, this was not a comprehensive capital plan because it did not include detail on funding sources or address other capital needs, and the Board did not adopt the replacement schedule.

---

<sup>2</sup> New York State General Municipal Law Section 3-c (Law) established a tax levy limit for local governments, which was effective beginning in the 2012 fiscal year. The Law generally precludes local governments from adopting a budget that requires a tax levy that exceeds the prior year tax levy by more than 2 percent or the rate of inflation, whichever is less, unless the governing board adopts a local law to override the tax levy limit.

---

At the start of audit fieldwork, the Treasurer told us that she recently started developing a capital plan. During fieldwork, the Treasurer updated the plan and the Treasurer and Board Chairman told us that the plan was provided to each of the Board members and discussed in detail with the Board as part of the 2024 budget process. While the Board meeting minutes noted that the Board reviewed the apparatus replacement schedule and discussed “future apparatus/reserve funding” and “reserve account funding,” the minutes did not provide specific details or Board approval of the plan. Furthermore, three Board members told us, in December 2023, that they were aware that the Treasurer had developed a plan but that they did not review it. Therefore, it is unclear whether the Board reviewed the entire plan or adequately addressed long-term funding needs.

While the Board did not formally adopt or approve the plan, at a minimum, it provides insight into certain capital needs and related funding the Fire Chief’s office, Treasurer and Board Chairman identified. The plan included the projected vehicle, truck and equipment replacement schedule, a few other future capital needs (such as \$500,000 for roof repairs and self-contained breathing apparatus/air packs estimated to cost more than \$1 million) and the effects on the reserves. However, it did not include all planned future capital needs or estimated costs for certain documented needs, and indicated the District would not have sufficient reserve balances to cover anticipated future capital needs. For example, the plan:

- Indicated the capital reserve would be insufficient to fund the estimated \$3.5 million expenditures for identified needs by 2030 (\$121,136 projected shortfall) even with \$350,000 in annual funding for the reserve from 2025 through 2030. The plan also includes an additional \$1.5 million for the purchase of a new fire truck to be financed with debt.
- Included a note that radio replacement would be needed due to technology turnover but did not include any cost estimates or a timeline. The Treasurer told us that they recently replaced the radios and were prioritizing other capital needs.
- Did not include HVAC units and other miscellaneous equipment that officials told us were needed in the near future.

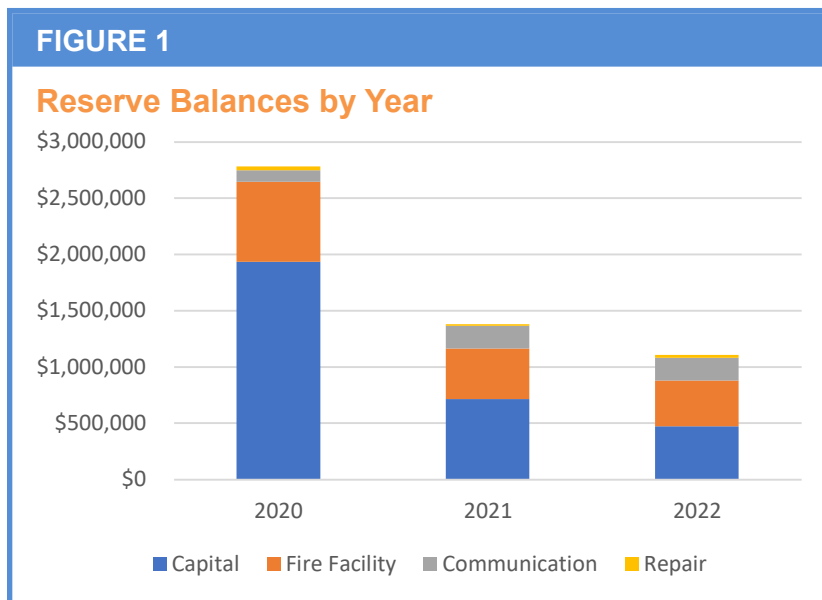
In addition, the Treasurer and three Board members told us that the plan needed to be updated based on current pricing because fire engine replacement costs are likely to be significantly more than the amounts included in the plan. For example, a Board member told us that a new fire engine costs approximately \$1.3 million. The plan included one fire engine estimated to cost \$750,000 in 2026 and two additional fire engines estimated to cost \$800,000 in 2027 and 2030. The Treasurer told us that they were unlikely to be able to use reserves for the full cost of replacements and part of the plan included the option to finance the purchases with debt. While this is a potential funding option, there is no documented plan to determine how the additional debt costs would affect the annual budgets and property tax levy.

Inadequate budgeting practices also hindered the Board’s ability to effectively plan for long-term needs. The District had an operating surplus of \$935,782 in 2020 and unplanned operating deficits in 2021 and 2022, totaling approximately \$1.5 million. The operating deficits were largely due to the Board and officials underestimating appropriations by more than \$2.2 million (8 percent), because they did not budget for equipment or capital expenditures that were funded with reserve funds. The Treasurer and three Board members told us that they were unaware they should budget for reserve use and the corresponding expenditures. However, the Board and District officials should budget for all planned expenditures, and their funding sources, as part of the annual budgets.

As a result, total fund balance declined by approximately \$1.4 million in those two years, most of which was the decline in reserve funds, despite the District exceeding the tax cap limit each year. Unrestricted fund balance as of December 31, 2022 totaled approximately \$1.1 million, 7 percent of the next year’s \$16 million budget. However, the Board did not adopt a written fund balance policy to establish the reasonable amount of unrestricted fund balance to be maintained. In addition, without adequate written long-term plans, officials are unable to formally evaluate the reserve balances compared to future needs and determine whether the funding is reasonable or sufficient.

Through its budgets, the Board gave taxpayers the impression that the District would be funding reserves when, in fact, the Board depleted them with unbudgeted expenditures from the reserves. As a result, total reserve funds decreased by \$863,465 (44 percent) during 2020 through 2022.

At the end of 2023, the Board approved an unbudgeted transfer of \$800,000 to reserves, increasing the total reserve balance to \$1.9 million as of December 31, 2023. The Chairman and Treasurer told us that they were able to fund the reserves more than planned in 2023 because they were able to earn additional interest revenue by taking advantage of higher interest rates. However, officials should not rely on continued unplanned interest revenue to sufficiently fund the reserves for future needs.



---

Because the Board did not budget for reserve use or designate which specific reserves would be funded from the total budgeted reserves funding, the Board was not transparent with taxpayers with how it planned to use the reserves or fund expenditures. In the 2024 budget, the Board budgeted to use \$80,000 from the reserves, but did not state which specific reserves would be used and did not budget to fund reserves. The Treasurer and Board Chairman told us that they did not budget to fund the reserves in 2024 because they were able to use the additional interest revenue to fund the reserves at the end of 2023.

Without sufficient unrestricted fund balance and reserves, the Board and District officials cannot ensure the District has sufficient funds to continue operations in future years at current levels. Therefore, the Board may have to exceed the tax cap limit again or defer other needs such as equipment or vehicle replacement. If the District continues to incur significant unbudgeted expenditures, fund balance will continue to decline, and the remaining unrestricted fund balance and reserve funds could be depleted.

### **The Board Did Not Ensure the Treasurer Provided Adequate and Accurate Financial Reports**

The Board did not ensure the Treasurer provided adequate and accurate financial reports to enable the Board to properly monitor the District's financial operations and fund balance. Therefore, the Board's ability to assess the effect of current operations on long-term financial needs was hindered by inadequate and inaccurate financial records and reports. For example:

- The Treasurer did not maintain accurate accounting records, in part because she did not record the required end-of-year accounting entries. The Treasurer told us that she did not record them because software limitations made it difficult to provide current year financial reports that the Board was accustomed to if the entries were recorded. However, officials need to ensure that the software that the District uses does not prohibit officials from maintaining accurate financial records and producing the necessary accurate financial reports.
- The Treasurer did not provide the Board with an estimate of fund balance as part of the budget preparation documents. The Treasurer told us that an estimate of unrestricted fund balance was included with the preliminary and adopted budgets, but was not provided to the Board at the beginning of budget preparation. Four Board members did not provide an adequate explanation for why they did not require this estimate.
- Budget-to-actual reports did not include all expenditures, which was mainly due to the reports not including expenditures funded with reserves. The Treasurer and Chairman told us that these expenditures were not included on the reports because there was not a corresponding revenue recorded



---

and it would have looked like there was a large variance, which they said could have been confusing to some. However, it was not appropriate or transparent to intentionally provide inaccurate financial reports to the Board (and public).

- Although the District's annual financial report used the required account codes, the Treasurer did not use them in the District's budgets and accounting records. The Treasurer told us that she continued to use the account codes that were established when she started. However, not using the required account codes would continue to make it incredibly difficult for officials, or the public, to compare the annual financial report to the budget and to recorded expenditure detail.

Overall, the annual financial reports provided the Board with the necessary information to review year-end unrestricted fund balance. However, the Board's ability to effectively monitor the District's financial operations throughout the year, and effectively manage fund balance and plan for long-term needs, was hampered because the monthly reports provided to the Board were not adequate.

The lack of written long-term financial and capital plans and adequate financial reports inhibits the Board and District officials from effectively managing finances and addressing future operating and capital needs. As the District moves forward, well-designed written plans can assist the Board and officials in making timely and informed decisions about operations and help them effectively manage fund balance in the taxpayers' best interest.

## **What Do We Recommend?**

The Board should:

1. Develop and periodically update comprehensive written long-term financial and capital plans to be used in conjunction with the annual budget process.
2. Adopt a written fund balance policy to define the amounts of fund balance, including reserve funds, that the District should reasonably maintain and provide guidance for funding and using reserves.
3. Adopt budgets that include reasonable estimates for revenues and appropriations including the funding and use of specific reserve funds.
4. Develop a plan to ensure the District generates and maintains reasonable unrestricted fund balance and reserve funds.
5. Ensure the Treasurer provides adequate and accurate monthly financial reports.

- 
6. Evaluate whether the financial software meets the District's financial recording and reporting needs and take any appropriate action as needed.

The Treasurer should:

7. Provide fund balance estimates during budget development.
8. Prepare accurate financial records and reports using correct account codes.

# Appendix A: Response From District Officials

---



## GATES FIRE DISTRICT

2355 Chili Avenue, Rochester, New York 14624

Phone 585-426-2720 Fax 585-426-7444

[www.gatesfd.org](http://www.gatesfd.org)

*Serving Territory in the Towns of Gates and Chili, N.Y.*



May 10, 2024

### VIA EMAIL AND REGULAR MAIL

Mr. Edward V. Grant Jr., Chief of Municipal Audits  
Local Government and School Accountability  
Office of the New York State Comptroller  
The Powers Building  
16 West Main Street, Suite 522  
Rochester, New York 14614-1608

ATTN: [REDACTED]

RE: Gates Fire District- Board Oversight of Long-Term Planning  
2024M-010

Dear Mr. Grant:

Thank you for your office's preliminary draft findings ("Report") which was received on April 16, 2024 and subsequently revised following our meeting on April 22, 2024 with your staff. The Report has been reviewed and discussed by the Board of Fire Commissioners (the "Board") and officers of the Gates Fire District (the "Fire District") following the exit conference with [REDACTED]

We are grateful for the professionalism shown by the Comptroller's staff, particularly [REDACTED] the suggestions and observations for our assuring continued awareness of protection of the Fire District's financial accountability has been extremely valuable since the field work by your office.

In particular, we are very appreciative of confirmation that the audit found no indications of any fraud, theft or other possible misconduct by fire district officials in dealing with public funds. The thoroughness of your office's review of all disbursements and findings, is further assurance that all taxpayer dollars are being spent properly.

See Note 1 Page 15
--------------------------



*The Gates Fire District is an Equal Opportunity Employer and does not discriminate on the basis of any legally protected status or characteristic.*



Except as noted below, we are in agreement with the audit’s findings and have begun the process of implementing measures to improve the Fire District's management and oversight of the Fire District's fiscal affairs as outlined in your recommendations. We also welcome this opportunity to prepare and present our completed corrective action plan, which provides a detailed account of how we have used the audit findings and recommendations to positively improve operations and internal controls.

In particular, the Board submits the following in further response to the noted items in the Report:

- *“The Board and District officials did not develop a written long-term financial plan and a comprehensive capital plan, which inhibited them from effectively managing finances and addressing future operating and capital needs.”*

The Board generally disagrees with this statement. Although a written long-term financial plan and comprehensive capital plan might assist the Board addressing future operating and capital needs, the lack of such a plan has not inhibited the Fire District from effectively managing its finances. During recorded public meetings, the Board has been fully transparent with its discussions of significant future appropriations, how the appropriations will be funded and the impact it will have on the Fire District and its taxpayers.

See  
Note 2  
Page 15

- *“Through its budgets, the Board gave taxpayers the impression that the District would be funding reserves, when in fact, the Board depleted them with unbudgeted expenditures from the reserves.”*

The Board also generally disagrees with this statement. The Board has always funded the reserves when budgeted. It is also not uncommon to have fluctuations in reserve balances based on funding and expenditures each year. The Board had significant planned expenditures from the reserves during the years 2021 and 2022, fully explaining the decline in reserve balance during that time. Additionally, also in 2021 and 2022, the Board planned and executed utilizing its reserves to purchase apparatus and repair facilities for the safety and improvement of our operations. Using the reserves for these expenditures kept the Fire District from burdening the taxpayers by increasing taxes or adding costs associated with issuing a bond. As of April 2024, the reserve balances for the Fire District have increased to approximately \$1.9M as part of future planned capital projects.

See  
Note 2  
Page 15

- *“The Board Did Not Ensure the Treasurer Provided Adequate and Accurate Financial Reports”.*

The Board also generally disagrees with this statement. The Board asserts that the reports provided each month encompass all the revenues and appropriations of the Fire District for the Board to make effective financial decisions. Since her appointment in 2021, the Treasurer has also

See  
Note 3  
Page 15



*The Gates Fire District is an Equal Opportunity Employer and does not discriminate on the basis of any legally protected status or characteristic.*

---

improved many of the reports to the Board in both scope and substance, which have provided a more comprehensive, detailed and transparent view of the financial position of the Fire District.

The Board has carefully considered the Report of Examination as well as each of the recommendations, and believes it is in the best interest of both the Fire District and the taxpayers of the Fire District to combine its response with its Correction Action Plan.

Accordingly, this audit response is also serving as the Correction Action Plan.

See Note 4 Page 15
--------------------------

**Audit Recommendation #1:**

*Develop and periodically update comprehensive written long-term financial and capital plans to be used in conjunction with the annual budget process.*

**Implementation Plan of Action:** The Board has already established a long-term capital plan which was presented to the auditors along with approved Board Minutes stating the plan was discussed and reviewed by the Board. This long-term capital plan will be periodically monitored and updated. The Fire District will develop and periodically update a comprehensive written long-term financial plan to be used in conjunction with the annual budget process.

See Note 5 Page 15
--------------------------

**Implementation Date:** Immediate and ongoing.

**Persons Responsible for Implementation:** Board of Fire Commissioners, Fire District Treasurer and District officials.

**Audit Recommendation #2:**

*Adopt a written fund balance policy to define the amounts of fund balance, including reserve funds, that the District should reasonably maintain and provide guidance for funding and using reserves.*

**Implementation Plan of Action:** The Fire District will adopt a written fund balance policy defining the amounts of fund balance, including reserve funds, that the Fire District should reasonably maintain and provide guidance for funding and using reserves.

**Implementation Date:** September 30, 2024 and ongoing.

**Persons Responsible for Implementation:** Board of Fire Commissioners and Fire District Treasurer.



*The Gates Fire District is an Equal Opportunity Employer and does not discriminate on the basis of any legally protected status or characteristic.*

---

**Audit Recommendation #3:**

*Adopt budgets that include reasonable estimates for revenues and appropriations including the funding and use of specific reserve funds.*

**Implementation Plan of Action:** The Fire District will continue to adopt budgets that include reasonable estimates for revenues and appropriations including the funding and use of specific reserve funds.

**Implementation Date:** September 30, 2024 and ongoing.

**Persons Responsible for Implementation:** Board of Fire Commissioners and Fire District Treasurer.

**Audit Recommendation #4:**

*Develop a plan to ensure the District generates and maintains reasonable unrestricted fund balance and reserve funds.*

**Implementation Plan of Action:** As part of the fund balance policy noted above, the Fire District will continue to develop plans to ensure the Fire District generates and maintains reasonable unrestricted fund balance and reserve funds.

**Implementation Date:** Immediate and ongoing.

**Persons Responsible for Implementation:** Board of Fire Commissioners and Fire District Treasurer.

**Audit Recommendation #5:**

*Ensure the Treasurer provides adequate and accurate monthly financial reports.*

**Implementation Plan of Action:** The Fire District will continue to ensure the Treasurer provides adequate and accurate monthly financial reports.

**Implementation Date:** Immediate and ongoing.

**Persons Responsible for Implementation:** Board of Fire Commissioners and Fire District Treasurer.



*The Gates Fire District is an Equal Opportunity Employer and does not discriminate on the basis of any legally protected status or characteristic.*

---

**Audit Recommendation #6:**

*Evaluate whether the financial software meets the District's financial recording and reporting needs and take any appropriate action as needed.*

**Implementation Plan of Action:** The Fire District will evaluate whether the financial software meets the Fire District's financial recording and reporting needs and take any appropriate action as needed.

**Implementation Date:** December 31, 2024.

**Persons Responsible for Implementation:** Board of Fire Commissioners, Fire District Treasurer and potential outside vendors.

**Audit Recommendation #7:**

*The Treasurer should provide fund balance estimates during budget development.*

**Implementation Plan of Action:** The Treasurer will continue to provide fund balance estimates during budget development.

**Implementation Date:** Immediate and ongoing.

**Person Responsible for Implementation:** Fire District Treasurer.

**Audit Recommendation #8:**

*The Treasurer should prepare accurate financial records and reports using correct account codes.*

**Implementation Plan of Action:** The Treasurer will continue to prepare accurate financial records and reports and will implement account coding for the same.

**Implementation Date:** Immediate and ongoing.

**Person Responsible for Implementation:** Fire District Treasurer.



*The Gates Fire District is an Equal Opportunity Employer and does not discriminate on the basis of any legally protected status or characteristic.*



---

Again, we wish to thank your team of examiners for their thorough examination of the Fire District's records and the time spent with Fire District officials in explaining the audit process and their findings.

Very truly yours,

GATES FIRE DISTRICT

By: \_\_\_\_\_  
Daniel Cox, Chairman  
Board of Fire Commissioners



*The Gates Fire District is an Equal Opportunity Employer and does not discriminate on the basis of any legally protected status or characteristic.*





## Appendix B: OSC Comments on the District's Response

---

### Note 1

Per the stated audit objective, the audit focused on the proper planning of long-term financial and capital needs and is not intended to eliminate the possibility of fraud, theft or other possible misconduct by District officials in dealing with public funds.

### Note 2

For 2020 through 2024, the Board increased the tax levy by more than \$7.5 million, or 80 percent. Although the Treasurer told us that she believed that future year increases would be less, officials did not have a written plan to support this or determine the long-term effects or additional tax levy increases needed. Officials did not determine, among other things, the District's sustained additional financial needs or the effect operational decisions would have on fund balance and the tax levy.

In addition, the Board was not transparent with taxpayers because the Board's adopted budgets were not comprehensive. For example, the budgets did not include the use of reserves or designate which specific reserves would be funded.

### Note 3

The Treasurer did not provide the Board with complete, up to date and accurate financial reports and used different account codes for internal and external reporting purposes. This practice makes it difficult for officials, or the public, to compare the District's annual financial report to the District's budget and recorded expenditures.

### Note 4

Although the District's corrective action stated for multiple audit recommendations that the District "will continue," these actions were not in place prior to the completion of audit fieldwork. In addition, we encourage readers to consider the other OSC comments that clarify certain statements officials made in the District's audit response and Corrective Action Plan when reading the District's Corrective Action Plan.

### Note 5

The Board meeting minutes do not reflect the adoption of a long-term comprehensive capital plan and the plan the Treasurer developed and updated during our audit fieldwork is not comprehensive and lacks adequate funding details.

## Appendix C: Audit Methodology and Standards

---

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. 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 Board members and other District officials and reviewed Board meeting minutes and supporting documents and budget preparation documents to gain an understanding of the Board's oversight of long-term planning (including budgeting, monitoring of fund balance including reserves and tax cap limit overrides).
- We reviewed the Treasurer's preliminary and updated capital plan, including the District's replacement schedule, and discussed future capital needs with District officials.
- We compared the District's annual financial reports to the accounting records and financial statements to determine whether the accounting records or financial reports contained inaccuracies.
- We reviewed 2020 through 2022 financial records to determine whether the District had operating surpluses or deficits.
- We analyzed fiscal year-end fund balance for the general fund for 2020 through 2022 and calculated unrestricted fund balance as a percent of the next year's appropriations to determine whether the District had reasonable unrestricted fund balance. We evaluated any factors contributing to changes in fund balance, including real property tax levy increases.
- We reviewed 2020 through 2023 reserve activity and compared 2023 year-end balances to District-identified future capital needs.
- We reviewed the adopted budgets from 2020 through 2022 to determine whether they were realistic by comparing adopted budgets with actual results of operations and reviewing for significant revenue and expenditure budget-to-actual variances. We also reviewed the 2023 and 2024 adopted budgets to determine whether the budgets were consistent with prior years.
- We reviewed monthly Treasurer reports provided to the Board to determine whether they were adequate and accurate.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

---

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. Pursuant to Section 181-b of New York State Town Law, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and forwarded to our office 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 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.

## Appendix D: Resources and Services

---

### **Regional Office Directory**

[www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf](http://www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf)

**Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

**Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.ny.gov/local-government/fiscal-monitoring](http://www.osc.ny.gov/local-government/fiscal-monitoring)

**Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

**Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.ny.gov/local-government/resources/planning-resources](http://www.osc.ny.gov/local-government/resources/planning-resources)

**Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf](http://www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf)

**Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.ny.gov/local-government/required-reporting](http://www.osc.ny.gov/local-government/required-reporting)

**Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

**Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.ny.gov/local-government/academy](http://www.osc.ny.gov/local-government/academy)

## Contact

Office of the New York State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

<https://www.osc.ny.gov/local-government>

Local Government and School Accountability Help Line: (866) 321-8503

**ROCHESTER REGIONAL OFFICE** – Stephanie Howes, Chief of Municipal Audits

The Powers Building • 16 West Main Street – Suite 522 • Rochester, New York 14614-1608

Tel (585) 454-2460 • Fax (585) 454-3545 • Email: [Muni-Rochester@osc.ny.gov](mailto:Muni-Rochester@osc.ny.gov)

Serving: Cayuga, Livingston, Monroe, Ontario, Schuyler, Seneca, Steuben, Wayne, Yates counties

[osc.ny.gov](https://www.osc.ny.gov)

