



Cuddebackville Fire District

Board Oversight

2024M-94 | February 2025

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Report Highlights

Cuddebackville Fire District

Audit Objective

Determine whether the Cuddebackville Fire District (District) Board of Fire Commissioners (Board) provided adequate oversight of the District's financial operations and properly audited claims.

Key Findings

The Board did not provide adequate oversight of the District's financial operations or properly audit claims. As a result, the Board hindered their ability to make informed financial decisions. Complete, accurate and reliable accounting records were not maintained. For example, the December 31, 2022 ending bank statement balances differed from the ending cash balances in the accounting records by \$638,485. The Board also used unrealistic budgetary estimates that resulted in annual operating deficits and a declining fund balance. The Board did not:

- Ensure the Treasurer maintained complete and accurate accounting records.
- Request or receive regular financial reports.
- Ensure claims were properly audited prior to payment.
- Conduct required annual audits for 2020 through 2023. Although the Board paid a CPA \$6,750 to conduct the 2019 and 2020 audits, the CPA did not complete the 2020 audit and has possession of the District's financial records. The Board was unaware the audit was not completed and took no action, until our audit, to follow up with the CPA.
- Ensure the required Annual Financial Reports (AFRs) for 2020 through 2023 were filed.

Key Recommendations

The audit report contains 13 recommendations to help the Board and District officials improve oversight of the District's financial operations.

District officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

Audit Period

January 1, 2022 – September 30, 2023. We extended our audit period back to January 1, 2020, and forward to December 31, 2023, to analyze various financial trends. We also extended our audit period back to January 1, 2019, and forward to August 31, 2024 to analyze AFR submissions and status of CPA work.

Background

The District, served by the Cuddebackville Fire Department (fire department) provides fire protection and emergency services to the Town of Deerpark in Orange County.

The elected three-member Board, with an average tenure of 11 years, governs the District and is responsible for its overall financial management and safeguarding resources.

The elected Treasurer is the chief fiscal officer and is responsible for receiving, disbursing, transferring and accounting for all District funds and preparing periodic financial reports.

Quick Facts

2023 Budget Appropriations	\$282,500
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Total Fund Balance on December 31, 2023	\$29,504
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Maximum Days AFR Late as of August 31, 2024	1,279
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Claims Process in Audit Period

Number of Claims	843
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Amount of Claims	\$519,063
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Claims Reviewed

Number of Claims	77
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Amount of Claims	\$111,335
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Board Oversight

How Should a Board Provide Oversight of Financial Operations?

To provide oversight of a fire district's financial operations, a fire district board (board) should routinely monitor and review the work performed. A board should also develop and implement written policies and procedures related to financial operations and should address fire district transactions (such as transfers between district bank accounts) and ensure the transactions are authorized, properly reviewed and recorded, and that financial reports are prepared, accurate and filed in a timely manner. Such policies and procedures should include controls for wire transfers, online banking, investments, procurement, travel and conferences, fund balance, credit card use, and capital assets.

Oversight becomes important when operations do not have adequate segregation of duties. If one person, such as a treasurer, performs all of the financial duties (e.g., receives, disburses and transfers money; maintains accounting records; and performs bank reconciliations), it may weaken a board's control over financial operations. If segregating key financial duties is not possible, a board should ensure that sufficient mitigating controls are implemented. Mitigating controls could include additional reviews and approvals of the work performed by the Treasurer.

A board and district officials can learn more on how to effectively perform fiscal oversight by reviewing guidance that is available on the Office of the State Comptroller's web page (Figure 1) and through in-person and online training opportunities on a wide range of topics at www.osc.state.ny.us/local-government/academy (See Appendix C).

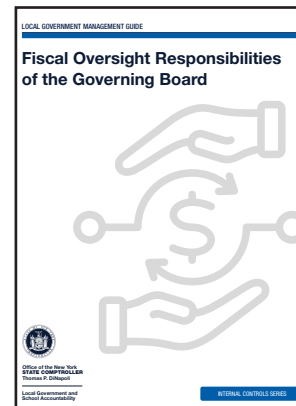
A board should ensure the treasurer:

- Properly accounts for all district financial activities by maintaining complete and accurate accounting records.
- Provides the board with monthly and annual financial reports. For example, budget-to-actual reports include essential information the board needs to effectively monitor and manage the fund balance and safeguard district resources.
- Reconciles bank account balances with the accounting records monthly to allow the board and officials to determine whether all collection and disbursement transactions were captured and correctly recorded in a timely manner.

A board should ensure the treasurer complies with Town Law 177 that requires the treasurer, at the annual organizational meeting, to account to the board for all money received and disbursed during

FIGURE 1

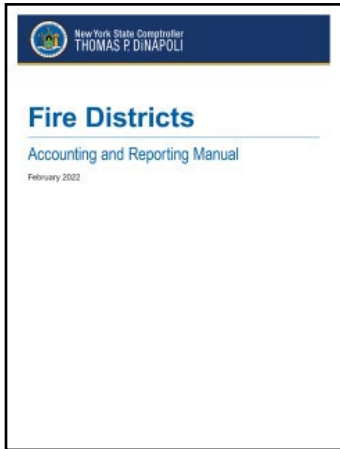
Local Government Management Guide: Fiscal Oversight Responsibilities of the Governing Board



<https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf>

FIGURE 2

Fire Districts Accounting and Reporting Manual



<https://www.osc.ny.gov/files/local-government/publications/pdf/arm-fds.pdf>

the preceding fiscal year, file a detailed statement in writing of the receipts and disbursements of the preceding year, and produce all books, records, receipts, orders, vouchers and cancelled checks (or check images). As part of its oversight responsibilities, and in the absence of an external audit, the board should provide for an annual audit of the treasurer and any other officers and employees who handle money as part of their fire district duties.

A board should ensure the treasurer complies with General Municipal Law Section 30 that requires a fire district to file the AFR within 60 days after the close of the fiscal year. The AFR reports a fire district's financial position and results of operations and is an important fiscal tool to help a board monitor fire district operations and provides district taxpayers and stakeholders with a transparency tool to monitor and evaluate financial operations.

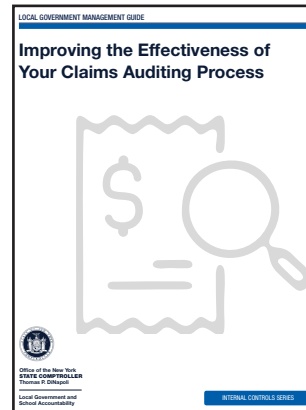
A treasurer can accomplish this by reviewing and implementing the accounting and financial reporting

guidance that is available on the Office of the State Comptroller's web page (Figure 2). The available information is provided to help ensure financial reporting is consistent, accurate and transparent. It also helps treasurers provide clear, comparable information so the board can make informed decisions.

A board must audit claims against the district prior to payment and order the treasurer to pay the audited claims. An effective claims auditing process ensures that every claim against the district is subjected to a thorough and deliberate review to verify that each claim contains adequate supporting documentation to determine whether it complies with fire district policies, the amounts claimed represent actual and necessary district expenditures and there is sufficient appropriation to pay the claim. A board and officials can learn more on how to effectively audit claims by reviewing guidance that is available on the Office of the State Comptroller's web page (Figure 3).

FIGURE 3

Local Government Management Guide: Improving the Effectiveness of Your Claims Auditing Process



<https://www.osc.ny.gov/files/local-government/publications/pdf/improving-the-effectiveness-of-claims-auditing-process.pdf>

The Board Did Not Provide Adequate Oversight of Financial Operations

The Board did not ensure:

- Written policies and procedures were developed and implemented related to financial operations (such as transfers between district bank accounts).
- The Treasurer maintained complete and accurate accounting records.
- The Treasurer provided the Board with monthly and annual financial reports.
- The Treasurer reconciled bank account balances with the accounting records monthly.
- The Treasurer complies with Town Law 177 that requires the treasurer, at the annual organizational meeting, to account to the board for all money received and disbursed during the preceding fiscal year, file a detailed statement in writing of the receipts and disbursements of the preceding year, and produce all books, records, receipts, orders, vouchers and cancelled checks (or check images).
- An annual audit was performed of the Treasurer and any other officers and employees who handle money as part of their fire district duties.
- The Treasurer filed the AFR within 60 days after the close of the fire district's fiscal year.

In addition, the Board did not segregate financial duties or establish compensating controls. The Treasurer performed all of the District's financial duties, including receiving, depositing and transferring funds, preparing and signing checks, and maintaining the accounting records. Further, the Board did not develop policies and procedures or provide sufficient oversight (such as routine monitoring) to ensure that District records were up-to-date, complete, accurate and reconciled with bank balances; transfers were appropriate and approved; disbursements were reviewed and adequately supported; and financial records and reports were prepared.

Policies and Procedures – The Board developed and adopted policies for investments, procurement, travel and conferences and credit card use; written procedures were not established. However, the Board did not develop and adopt policies and procedures for the District's financial operations, including controls for wire transfers, online banking, fund balance, and capital assets.

Board members were unaware they should have written and approved financial policies and procedures. While the development and adoption of financial policies and procedures will not guarantee financial operations will be properly carried out or overseen, they will help to communicate the Board's role for oversight, expectations of District officials and members involved with financial operations and help to reduce the risk for potential errors or irregularities occurring and not being identified and corrected.

Accounting Records and Reports – The Board did not ensure the Treasurer maintained adequate accounting records and reports to accurately account for District funds and enable the Board to monitor the budget. We determined that the Treasurer did not:

- Maintain complete and accurate accounting records for 19 out of the 21 months from January 1, 2022 through September 30, 2023. Specifically:

- Ninety-seven disbursements totaling \$85,514 were not properly recorded (Figure 4).

Figure 4: Transactions Improperly Recorded in the Accounting Records

Not recorded in Accounting Records	57	\$71,863
Recorded in Accounting Records, Not Present in Bank Statements	23	13,432
Incorrectly Recorded in Accounting Records	17	219
Total	97	\$85,514

- The December 31, 2022 ending bank statement balances differed from the ending cash balances in the accounting records by \$638,485. This occurred

because the Treasurer recorded multiple deposits improperly as a positive to one cash account and a negative to another cash account, netting them out in the accounting software, resulting in an erroneous balance in the records.

- The Treasurer did not maintain complete and accurate accounting records, including budgetary data, and provide the Board with monthly budget-to-actual reports showing the original and modified budget, actual expenditures and revenues, budget variances or monthly written Treasurer reports.

The Treasurer used an accounting software program to maintain the District's financial records. However, instead of generating reports from the software program and presenting them to the Board, the Treasurer only verbally presented the Board with the bank cash balances obtained from the bank on the day of the Board meetings. The Treasurer was not aware of the differences between the bank statements and the accounting records. Furthermore, the Treasurer stated that they did not realize the accounting records were not complete and accurate or that written reports should be provided to the Board periodically because the Treasurer was never formally trained on how to use the accounting software, record keeping or accounting. In addition, the Treasurer stated that in the past the Certified Public Accountant (CPA) hired by the District made annual adjustments and corrections to the accounting records; however, as of the end of our audit period the CPA has not made the corrections.

Board members told us they were unaware that they should be periodically receiving and reviewing reports from the Treasurer and ensuring that the Treasurer maintained complete and accurate financial records and reports.

The Board's ability to exercise financial oversight and make budget decisions based on financial information was hindered because complete and accurate accounting records were not maintained, and the Board did not receive regular, up-to-date financial reports to review.

Bank Reconciliations – The Treasurer did not prepare written bank reconciliations for the entire audit period, and the Board did not require the Treasurer to submit them for its review. Instead, the Treasurer verbally presented the Board the bank cash balances obtained from the bank on the day of the Board meetings. Board members stated they were unaware that they should be periodically receiving and reviewing bank reconciliations from the Treasurer.

The lack of bank reconciliations being provided to the Board negatively impacts its ability to exercise financial oversight of bank accounts and created an increased risk that errors and irregularities could occur and remain undetected and uncorrected.

Transfers – The Treasurer transferred funds between the District’s two bank accounts, as needed, to pay monthly bills. We reviewed all three transfers totaling \$70,000 that the Treasurer made during the audit period and determined that two transfers totaling \$50,000 were made without Board approval and were not documented in the Board minutes. The Board Chairman (Chairman) stated that the Treasurer is not allowed to transfer money without Board approval and the lack of evidence was a documentation error by the Secretary. All Board members indicated that they did review bank statements to ensure these transfers were for appropriate District purposes. Board members were not aware that they should have a process for approving transfers. As a result, there was an increased risk of fraud occurring and going undetected.

Annual Audit – The Chairman and Treasurer stated that the last financial statement audit of the District’s financial records was performed by a CPA for the 2019 fiscal year. As of December 31, 2023, required annual audits for 2020 through 2023 were not conducted. The District paid \$6,750 to the CPA in July 2021 for the 2019 and 2020 audits. The Chairman confirmed that there were no additional external audits performed since 2019 because although the CPA took possession of the 2020 records, they did not perform an audit or return the records to the District. The Chairman indicated that the District will be contacting the CPA regarding the return of their records. In addition, it was the Board’s understanding that the 2021 and 2022 audits would be completed by the CPA. While the Board’s explanation is related to why an independent audit was not completed for 2020, there was no explanation for why the Board did not seek another independent auditor to perform the annual audits or why the Board itself has not performed a thorough annual review of the Treasurer’s records since 2019.

When an annual audit is not performed, there is no independent verification that the Treasurer has properly recorded collections and disbursements and maintained complete and accurate records and reports. As a result, the Board’s ability to assess financial operations is diminished.

AFR – The Board engaged the services of the CPA to submit the AFRs to OSC instead of the Treasurer. However, the Board did not ensure that the CPA prepared and filed the District’s AFRs. The AFR for the 2019 fiscal year was 316 days late and the AFRs for the 2020 through 2022 fiscal years were not filed as of the end of our audit period, making the submissions between 549 to 1,279 days late as of August 31, 2024. In addition, the 2023 AFR has not been filed as of August 31, 2024. The Chairman told us the Board’s understanding was that the 2020 through 2022 AFRs had been filed in a timely manner by the CPA because the Board thought the Treasurer arranged for the 2021 and 2022 AFRs to be filed by the CPA and the District had paid for the 2020 audit, which included the 2020 AFR submission, but the CPA did not file the submission.

When AFRs are not filed in a timely manner, transparency to the Board, taxpayers, OSC and other interested parties is diminished, and they are denied the ability to assess the District’s financial standing.

The Board Did Not Properly Audit Claims

The Board did not perform a proper audit of claims. The Board audits and approves most claims prior to payment at its monthly meetings by signing the voucher indicating approval. We reviewed 77 payments for claims totaling \$111,335 (21 percent of the claims paid during the audit period) to determine whether

the claims were authorized, supported, mathematically correct, for proper District charges, contained sufficient detail to determine whether the goods and/or services were received, did not charge sales tax, followed the District procurement policy and had sufficient appropriations available for payment. All claims¹ reviewed had at least one discrepancy. We determined the following discrepancies:

- Twenty-four payments for claims totaling \$25,537 were unsupported because they lacked invoices and itemized receipts, or the invoices were insufficient in detail to determine whether the payments were for valid and/or legal District purchases. Most of these claims were for gas purchases, travel and conference payments or issued to members of the fire department and the District. We reviewed the cancelled checks for these claims to corroborate that these checks corresponded to the other supporting documentation on file at the District. We determined that 18 of the 24 payments for claims totaling \$18,159 did not have sufficient receipts or invoices. These claims were for member reimbursements and services performed for \$5,435 and gas claims.

The Chairman stated that it was an oversight error when the Board approved claims that did not have supporting documentation to determine whether the products or services were for valid and legal purposes and the Board did not know itemized receipts should be attached to the claim package to be evaluated during the claim auditing process.

- Twenty-five payments for claims totaling \$12,971 were not authorized prior to payment because they were debit card payments at the point of purchase. While these claims were audited and approved by the Board after the fact, because debit card payments are withdrawn directly from the bank account at the time of purchase, it increases the risk of inappropriate purchases not being readily detected. The Chairman stated that the Board did not realize using a debit card by-passed the claim auditing process.
- Thirty-four payments for claims included sales tax amounting to \$573, despite the District being exempt from paying sales tax. The Chairman stated that some of these purchases were made either out of state or online and District members do not know how to obtain tax exempt status for either of these types of purchases. In addition, the Chairman said purchasing and approving all other purchases with sales tax was an oversight on the Board's part.
- Eighteen payments for claims included \$2,097 in purchases that were not valid District purchases. Specifically:
 - Seventeen claims totaled \$2,030 were for food, drink or other purchases for an individual member. These claims were approved because the Board was unaware that providing food and drink to an individual member was not a valid District expenditure.
 - One claim included \$67 in alcohol beverages. The Chairman stated that approval of this claim was an error because alcohol purchased with District money is not allowed and members are aware of the requirement that alcohol needs to be purchased separately. The Chairman did not look at the receipt and was not aware that alcohol was put on the receipt.
- Twenty-five payments for claims were not mathematically correct, the Board approved claims packets with supporting documentation that did not correspond to the payment amount requested

¹ Some claims had multiple issues and, therefore, are included in multiple categories.

on the District's claims. Nineteen claims were overpaid by \$10,304 and six claims were underpaid by \$2,007. For example:

- Eleven gas claims were overpaid by \$5,721 and five were unpaid by \$1,557. These errors occurred because the Board improperly paid the claims prior to receiving the gas receipts from the vendor. Further, because the District does not maintain its own records for gas purchases, the District is unable to verify the purchase amounts billed. As a result of this process, no invoice or receipt for all or part of the payment is attached to the claim package at the time of claim auditing by the Board. Therefore, the Board cannot determine if all or a portion of the purchase was mathematically correct.

Had the Board performed a proper claims audit, Board members would have identified the mathematical errors and insufficient or missing supporting documentation.

- For all payments, the claims packets did not contain evidence that District officials complied with the District's purchasing policy when the Board approved the claims. The Board did not know documentation of quotes, bids, RFPs, etc., when required, should be attached to the claim package to be evaluated during the claims auditing process.
- The Board did not ensure sufficient appropriations were available for any of the 77 claims reviewed because the Board was not provided budget-to-actual reports for the District to verify availability of funds, nor was the Board aware that they should ensure sufficient appropriations were available.

Despite the discrepancies identified, we determined all payments were disbursed to the proper vendor and in the amount of the approved claim.

When the Board does not perform an accurate and complete review of claims to ensure they are authorized and supported by adequate invoices or other documentation, there is an increased risk the District could incur unnecessary costs or pay for goods and services that were not actually received or were not for proper District purposes. In addition, when the Board does not ensure sufficient appropriations are available, there is an increased risk that the District could exceed budgeted appropriations.

How Should a Board Properly Manage Fund Balance?

Fund balance is the difference between revenues and expenditures accumulated over time. A board may appropriate a portion of the fund balance to help finance the upcoming year's budget. Generally, fund balance is appropriated when a budget has an operating deficit (expenditures exceeding revenues). The appropriation will reduce fund balance.

To properly manage fund balance, a board should:

- Adopt a written fund balance policy that defines fund balance levels to be maintained,
- Establish long-term financial and capital plans,
- Adopt budgets based on historic or known trends and
- Fund, monitor and maintain a reasonable level of fund balance.

FIGURE 5

Local Government Management Guide: Financial Condition Analysis



<https://www.osc.ny.gov/files/local-government/publications/pdf/financial-condition-analysis.pdf>

Fund Balance is Declining

We compared the budgeted revenues and appropriations to actual results for the fiscal years 2020 through 2023 and determined the District’s fund balance is declining because the Board did not create budgets based on historic trends or use realistic revenues and appropriations estimates. We determined revenues were underestimated by a total of \$55,887² and appropriations were underestimated by a total of \$107,424 over the four year period. This resulted in total surplus fund balance declining by from \$81,041 at December 31, 2019 to \$29,504 at December 31, 2023 (64 percent) (Figure 6).

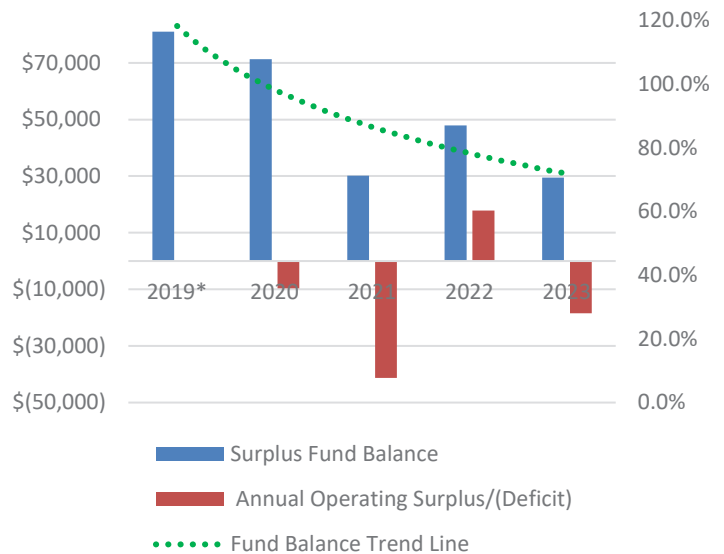
A board should plan on a multiyear basis. This allows officials to identify developing revenue and expenditure trends, determine the appropriate funding levels, and address equipment and capital needs by setting long-term priorities and goals. The board should refer to its fund balance policy and plans when developing budgets to ensure that the fund balance is maintained at reasonable levels.

Properly managing fund balance helps officials and taxpayers see the impact of the board’s fiscal decisions over time and ensures the amount of real property taxes levied is not greater or less than necessary.

A board and officials can learn more on how to effectively manage fund balance by reviewing guidance that is available on the Office of the State Comptroller’s web page (Figure 5).

FIGURE 6

Surplus Fund Balance Compared to Annual Operating Surplus/(Deficit)



* 12/31/2019 ending fund balance is the beginning of fund balance of our scope period starting 1/1/2020

2 See Appendix B for further details regarding how we calculated operating results and fund balance fiscal years 2020 through 2023.

The Board also did not use or maintain actual-to-budget comparisons to monitor the reasonableness of the estimates for revenues and appropriations. The Chairman stated that the District's declining fund balance is a result of the Board's desire to keep the tax levy consistent from year to year and only adding an increase for salaries to the appropriations. However, this practice is not reasonable as the budget estimates and related tax levy amount should be based on reasonable estimates for revenues and the actual operating costs of the District. If the District provides reasonable estimates, it could choose to appropriate fund balance to finance annual operations, which would reduce the amount of taxes needed to finance operations. This would have allowed for a reasonable and transparent budgeting process.

The Board has a responsibility to budget in a sound and transparent manner. If costs are increasing or revenues are decreasing, resulting in a need to increase taxes, the Board could consider other ways to increase revenues or reduce costs as a means to minimize the tax levy. If the Board continues its previous practice of adopting unrealistic budgets, resulting in the continuing realization of annual operating deficits, the Board will deplete the District's fund balance and create a fund balance deficit.

In addition, the Chairman told us they intend to purchase equipment in the future; however, the Board did not establish a formal long-term capital plan. Board members were unaware that their capital plans should be documented and approved. The Board also did not develop or adopt a fund balance policy or financial plans outlining a reasonable level of fund balance to be maintained or the funding and use of fund balance. Board members were unaware that a fund balance policy or financial plans should be written and established.

What Do We Recommend?

The Board should:

1. Segregate the duties of the Treasurer or implement mitigating controls to monitor the work of the Treasurer.
2. Establish policies to address financial operations, including controls for wire and intra-bank transfers, online banking, fund balance, and capital assets.
3. Ensure the Treasurer is properly trained in accounting software, record keeping and accounting.
4. Ensure an annual external audit or a Board audit of the Treasurer's records is performed.
5. Ensure the Treasurer prepares and files the District's delinquent AFRs for the 2020 through 2023 fiscal years and files all subsequent AFRs with OSC within 60 days of the close of the fiscal year.
6. Perform a thorough audit of all claims before payments are made, ensuring that the claims have sufficient supporting documentation, are mathematically correct, are valid and legal District expenditures, sales tax is not being charged, and there is evidence that goods and services have been received, the District's purchasing policy are followed, and sufficient appropriations are available to pay the claims.

-
7. Consider discontinuing the use of debit cards.
 8. Train members on how to make tax exempt purchases.
 9. Adopt budgeted revenues and appropriations that reflect the District's operating needs based on historic trends and expected revenues and expenditures.
 10. Develop multiyear financial and capital plans to provide a framework for preparing future budgets and managing the financing of future capital needs.
 11. Adopt a written fund balance policy that establishes a reasonable level of fund balance to be maintained to meet the District's financial needs.

The Treasurer should:

12. Maintain complete and accurate accounting records and provide monthly Treasurer Reports and annual financial reports to the Board, including budget-to-actual reports, for use in monitoring District operations.
13. Prepare monthly bank reconciliations and provide them to the Board.

Appendix A: Response From District Officials



***Cuddebackville Fire District
Po Box 381
Cuddebackville , NY, 12729
845-754-0759***

***To : NYS Comptrollers / Attention - Ann Singer
From : Anthony Roussos Jr. / Chairman of the Board of Fire Commissioners of the
Cuddebackville Fire Department .
Po Box 381 , Cuddebackville NY 12729
Date : 1/28/2025***

To whom it may concern ,

This letter has been generated to emphasize that the Cuddebackville Fire District Board of Fire Commissioners has reviewed the results of the preliminary draft of the Cuddebackville Fire District Financial activities , report and examination .

The Cuddebackville Fire District Board of Fire Commissioners collectively agree with the documented audit findings described in the report as well as the exit meeting on 1/22/2025 .

***The Cuddebackville Fire District Board of Fire Commissioners , Treasurer and Secretary has started to design corrective action plans to address the respected recommendations contained in the examination Report .
When we have the finalized plan , we will forward all (Letters of Correction) to the NYS Comptroller Division .***

Sincerely Yours ,

Appendix B: 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 District officials, and reviewed Board meeting minutes and District policies, to gain an understanding of District operations, internal controls and oversight of the Treasurer's duties, and to determine if annual audits of the District's accounting records were conducted.
- We reviewed District policies to determine whether the District complied with statutory requirements.
- We examined the Treasurer's accounting records for the scope period to determine whether they were complete and accurate and to determine whether bank reconciliations were performed and were accurate.
- We used our professional judgement to select 77 claims totaling \$111,335 out of a total population of 843 claims totaling \$519,063 during our audit period to assess whether: the claims were recorded, authorized, adequately supported and mathematically correct; the District had sufficient appropriations; goods and services were received; and officials followed the District procurement policy, did not charge sales tax and purchases were for proper District purposes. Our sample included higher risk claims for unusual items or excessive purchases; payments to individuals (Board members or fire department members); payments for gas purchases; payments to online companies; and other purchases that could be for personal use. We then compared the cancelled check images and transaction information on the bank statements including the payee and amount to the vendor and amount from the claim's packages.
- We compared all ending cash balances from bank statements (adjusted for outstanding checks and deposits-in-transit) as of 12/31/2022 to the cash balances the Treasurer recorded in the accounting record as of 12/31/2022 and reconciled for material differences. We reconciled the bank activity and accounting records activity for the scope period to determine accuracy and completeness of the accounting records.
- We reviewed AFR filings to determine whether the Treasurer had submitted AFRs to our office within 60 days of the close of its fiscal year.
- We examined all three transfers between District bank accounts, totaling \$70,000, made during our audit period to determine whether the transfers were approved by the Board prior to the transfer occurring, documented in the minutes for a specific dollar amount, and deposited into other District accounts.
- We reviewed Board meeting minutes for 2022 and 2023 for authorizations and resolutions to determine whether transfers to and from the savings account were approved and for the proper purpose.
- We interviewed District officials and reviewed minutes to gain an understanding of the budget development process and in what manner the Board monitors the budget during the year, and

to determine whether the Board developed multiyear financial and capital plans, and considered adopting policies for fund balance and budgeting

- We compiled and calculated revenues, expenditures, operating results (surplus or deficits) and fund balances for 2020 through 2023 on a cash basis.
- We analyzed fund balance trends and calculated surplus fund balance levels from 2020 through 2023.

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 C: Resources and Services

Regional Office Directory

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

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

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

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

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

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

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

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

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