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January 2017

Clifford Seitter, Chairman
Members of the Board of Fire Commissioners
Summitville Fire District
3978 State Route 209
Summitville, NY 12781

Report Number: 2016M-395

Dear Mr. Seitter and Members of the Board of Fire Commissioners:

The Office of the State Comptroller works to identify areas where fire district officials can improve their operations and provide guidance and services that will assist them in making those improvements. Our goals are to develop and promote short-term and long-term strategies to enable and encourage fire district officials to reduce costs, improve service delivery and account for and protect their entity's assets.

In accordance with these goals, we conducted an audit of the Summitville Fire District (District) which addressed the following question:

- Did District officials establish adequate controls to ensure that financial activity is properly recorded and reported and that District money is safeguarded?

The results of our audit have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials generally agreed with the findings.

Background and Methodology

The District is a district corporation of the State, distinct and separate from the Town of Mamakating, and is located in Sullivan County. The District's 2016 general fund budgeted appropriations totaled \$239,000 and were funded primarily by real property taxes.

The Board of Fire Commissioners (Board) is composed of five elected members, including the Chairman, and is responsible for the District's overall financial management and for safeguarding its resources. The Board appoints a Treasurer and a Secretary. The Treasurer acts as the District's chief fiscal officer and is responsible for receiving and maintaining custody of District funds,

disbursing and accounting for those funds, preparing monthly and annual financial reports and meeting any other reporting requirements. The Treasurer also serves as the Secretary and is responsible for keeping a complete and accurate record of the proceedings of each Board meeting and all Board-adopted rules and regulations.

We examined the internal controls over the District's financial operations for the period January 1, 2015 through October 17, 2016. We interviewed appropriate District officials and reviewed financial records and Board minutes. We conducted this performance audit in accordance with generally accepted government auditing standards. 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 our 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.

Audit Results

The Board is responsible for establishing adequate controls to ensure that financial activity is properly recorded and reported and that District money is safeguarded. To fulfill this duty, it is essential that the Board establish adequate internal controls, consisting of policies and procedures to ensure that District funds are used only for legitimate District expenditures. For example, the Board should perform an audit of claims before they are paid and should perform, or contract for, an annual audit of the Treasurer's records. The Board is responsible for ensuring that the District complies with applicable laws, rules and regulations, including the New York State General Municipal Law requirement for a procurement policy, an investment policy and a code of ethics.

The Treasurer must maintain complete, accurate and timely records to properly account for the District's financial activities. Additionally, the Treasurer should reconcile the District's accounting records to the adjusted bank balances on a monthly basis and prepare and submit monthly reports to the Board. The Treasurer is required to prepare and submit an annual financial report to the Office of the State Comptroller within 60 days after the close of the fiscal year. This report is an important fiscal tool that provides the Board, and other interested parties, with necessary information to monitor the District's financial activities.

We found the Board has established adequate controls to ensure that financial activity is properly recorded and reported and that District money is safeguarded. The District receives copies of canceled check images, which the Chairman reviews to ensure that District funds are used solely for legitimate District expenditures. Additionally, the Board contracts with an independent accountant to complete an annual audit of the Treasurer's books and records. Moreover, the Board has adopted a code of ethics, a procurement policy and an investment policy, as required.

The Treasurer has maintained complete, accurate and timely records to account for all of the District's financial activities. For example, we reviewed the 2015 year-end bank reconciliations and Treasurer's reports and found that they were accurate and timely. In addition, the annual financial report was accurate and submitted to the Office of the State Comptroller in a timely manner.

We reviewed 30¹ of the District's nearly 400 disbursements made during our scope period totaling approximately \$56,700 and determined that they were properly approved, recorded and for legitimate District expenditures. We verified that all four receipts the Treasurer recorded in her accounting records during our scope period totaling approximately \$481,000 were deposited in the District's bank account in a timely manner.

We commend District officials for designing and implementing controls to ensure that financial activity is properly recorded and reported and that District money is safeguarded. We also thank District officials for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller

¹ We judgmentally selected 20 disbursements payable to outside vendors by selecting the third canceled check image from each monthly bank statement from January 2015 through August 2016. We judgmentally selected 10 disbursements for personal reimbursements, consisting of the one disbursement payable to the Chairman, three disbursements payable to the Treasurer and six disbursements payable to other individuals.

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

The District officials' response to this audit can be found on the following page.

Board of Fire Commissioners

SUMMITVILLE FIRE DISTRICT

P.O. Box 140
Summitville, New York 12781

Office of State Comptroller
State Office Building - Suite 1702
44 Hawley St.
Binghamton, NY 13901
Attn: Todd Eames

Dear Mr.Eames:

I am writing to acknowledge the receipt of your draft report of the Summitville Fire District Audit. At this time I do not see any issues that require additional action.

Our position concerning the audit findings would be to agree with the report.

Thank you.

Sincerely,

Clifford P. Seitter