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March 2017

Tyrone P. Smith, Chairman
Members of the Board of Fire Commissioners
Egbertsville Fire District
1880 Eggert Road
Amherst, NY 14226

Report Number: 2017M-27

Dear Chairman Smith 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 Egbertsville Fire District (District) which addressed the following question:

- Are District controls adequate 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 agreed with our report.

Background and Methodology

The District is a district corporation of the State, distinct and separate from the Town of Amherst in Erie County. The District's 2016 general fund budgeted appropriations totaled \$1.5 million and were funded primarily by real property taxes.

The Board of Fire Commissioners (Board) is composed of five elected members and is responsible for the District's overall financial management. The Board appoints a Treasurer who acts as the District's chief fiscal officer. The Treasurer is responsible for the receipt and custody of District funds, disbursing and accounting for those funds, preparing monthly and annual financial reports and meeting any other reporting requirements.

We examined the internal controls over the District's financial operations for the period January 1, 2015 through November 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.

Audit Results

The Board is responsible for overseeing the District's fiscal activities and safeguarding its resources. The Board, in conjunction with the Treasurer, should establish and implement procedures that help ensure money is properly safeguarded and transactions are authorized and properly recorded in the accounting records.

We found that the Board generally provides adequate oversight of District financial activities to ensure that financial activity is properly recorded and reported and that District money is safeguarded.

The Treasurer maintained complete, accurate and timely records and properly accounted for District financial activities. Cash receipts were properly deposited and recorded, and disbursements appeared to be for proper District purposes. The Treasurer prepared and submitted monthly reports to the Board, and the Board performed a thorough audit of claims before they were paid. Additionally, the Board reviewed the Treasurer's monthly bank reconciliations and retained a certified public accountant to perform an annual audit.

We reviewed bank statements and deposits totaling more than \$1.7 million and found that the money was properly deposited and accounted for. We also reviewed 64 checks with supporting documentation totaling \$800,000. Except for minor discrepancies that we discussed with District officials, all checks were adequately supported, properly authorized and for valid District purposes. We commend District officials for designing and implementing an effective set of controls over cash receipts and disbursements.

We thank the Eggertsville Fire District officials for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

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

Eggertsville Fire District

1880 EGGERT ROAD
EGGERTSVILLE, NY 14226-2233

COMMISSIONERS:

TY SMITH - Chairman
MICHAEL J. BOEHM - Vice Chairman
JOHN M. KWIATKOWSKI
BARRY E. STARK
JOHN W. WHITEHEAD SR.
RAYMOND F. BRAUN – Secretary/Treasurer

March 2, 2017

Mr. Jeffrey D. Mazula, Chief Examiner
Buffalo Regional Office
Office of the New York State Comptroller
Division of Local Government & School Accountability
295 Main Street, Suite 1032
Buffalo, New York 14203-2510

RE: Report Number 2017-M-27 - Audit Response and Corrective Action Plan

Dear Mr. Mazula:

On behalf of the Board of Fire Commissioners of the Eggertsville Fire District thank you and your staff for completing the Audit of fire district records. The Board is in agreement with the results of the audit as identified in the draft presented to the District on February 28, 2017.

Your audit was based on the statement "Are District controls adequate to ensure the financial activity is properly recorded and reported and that District money is safeguarded?" Working with your Field Auditor CPA an additional procedure was identified to further strengthen the oversight of the Board of Fire Commissioners. This additional procedure was implemented immediately and combined with the procedures and policies developed over the years by our Board members, independent auditors and attorneys provides the full oversight required of the Board.

The additional procedure requires the Treasurer to provide the Board of Fire Commissioners in addition to Monthly Financial Reports, Logging of Bank Statements by Board Members and verification of Bank Reconciliations, [REDACTED] Reports for each Bank Account and Investment so the Board members can compare all aspects of the Fire District Financial position on a timely basis.

Once again, thank you and your staff for completing the Audit.

Very truly yours,

Tyrone P. Smith, Chairman
Board of Fire Commissioners