

Middletown No. 1 Fire District

Annual Financial Reports

MARCH 2021



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Contents

- Report Highlights 1**

- Annual Financial Reports 2**
 - Why Should Officials Submit Annual Financial Reports? 2
 - The Treasurer Did Not File Annual Financial Reports 2
 - What Do We Recommend? 2

- Appendix A – Response From District Officials 3**

- Appendix B – Audit Methodology and Standards 4**

- Appendix C – Resources and Services 5**

Report Highlights

Middletown No. 1 Fire District

Audit Objective

Determine whether the Middletown No. 1 Fire District (District) Treasurer filed the required annual financial reports with the Office of the State Comptroller (OSC).

Key Finding

The Treasurer did not file annual financial reports with OSC for fiscal years 2015-2019 in compliance with General Municipal Law.

Key Recommendation

- The Board should ensure the Treasurer files the required annual financial report in a timely manner.

District officials generally agreed with our recommendation and indicated they plan to initiate corrective action.

Background

The District is a district corporation of the State, distinct and separate from the Town of Middletown in Delaware County.

An elected five-member Board of Fire Commissioners (Board) governs the District and is responsible for its overall financial management.

The Board appoints a Treasurer who serves as the District's chief fiscal officer and is responsible for receiving, disbursing and accounting for District funds, and preparing and filing financial reports.

Quick Facts

2020 Budgeted Appropriations	\$75,004
2019 Disbursements	\$73,674

Audit Period

January 1, 2019 – June 30, 2020

Annual Financial Reports

Why Should Officials Submit Annual Financial Reports?

An annual financial report, or AUD (annual update document) is a report of a district's financial position and results of operations. The AUD is an important fiscal tool that provides the board with necessary information to monitor district operations and provides other interested parties with a summary of the district's financial activities.

New York State General Municipal Law (GML) Section 30 requires the Treasurer to complete and submit the AUD with the Office of the State Comptroller within 60 days of the end of the district's fiscal year end. District officials can request an AUD filing extension which, if granted, extends the district's filing deadline to 120 days after the end of the fiscal year.

The Treasurer Did Not File Annual Financial Reports

The Board contracts with the Village of Fleischmanns for fire protection services for the District totaling \$73,004 for 2019 and \$75,004 for 2020. The District does not own or operate any firefighting equipment and has minimal financial transactions. The only revenue source is a single lump-sum payment of real property taxes received from the Town of Middletown.

As of the end of our fieldwork, the Treasurer had not submitted the 2015 through 2019 AUDs to OSC. District officials were not aware that these AUDs needed to be submitted to our office. The Board Chairman told us the first time he became aware of the required filings was when we started our audit. The Treasurer told us she thought AUDs were not required because the financial activity related to the District was simply a pass through to the Village for fire protection.

Untimely submission of the AUDs hinders transparency and could compromise the District officials' ability to obtain or maintain financing, if necessary, for upcoming financial needs.

What Do We Recommend?

The Board should:

1. Ensure that the Treasurer files the AUDs with OSC within 60 days of the close of the fiscal year as required by law.

Appendix A: Response From District Officials

Middletown Fire District No.1
PO Box 353
Fleischmanns, NY 12430

March 3, 2021

Office of the New York State Comptroller
Binghamton Regional Office – Ann C. Singer, Chief Examiner
State Office Building, Suite 1702 • 44 Hawley Street • Binghamton, New York 13901-4417

Re: OSC Audit – Middletown No. 1 Fire District - Draft Audit Report response

Attention: Ann C. Singer, Chief Examiner

In response to the draft Audit of the Middletown Fire District No 1, we offer the following:

- We completely agree with the findings and recommendations of the report.
- We have discussed the Draft Audit Report at our monthly Commissioner's Meeting held on March 2, 2021.
- We have been in contact with [REDACTED] of your Office to help us with the filing of the delinquent Annual Financial Reports.
- Our Secretary/Treasurer has started entering the delinquent Annual Financial Reports into the OSC Electronic Filing Site.

We look forward to the final Audit and will submit our Corrective Action Plan at that time.

Sincerely,

[REDACTED]
Gary Kusen
Chairman
Middletown Fire District No.1

cc:

[REDACTED]
[REDACTED]
Thomas Grocholl
Hiram Davis
Jason Wadler
Timothy Johnsmeyer
Jill Jamrozy

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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials to gain an understanding of controls and financial condition, and oversight of the Treasurer's duties.
- We assessed the accounting records and the Treasurer's financial reports for accuracy, including verifying bank activity to the accounting records.
- We reviewed all policies and procedures to determine whether they were adequate.

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.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All

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

www.osc.state.ny.us/local-government/fiscal-monitoring

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All

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

www.osc.state.ny.us/local-government/resources/planning-resources

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

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/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.state.ny.us/local-government/required-reporting

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All

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

www.osc.state.ny.us/local-government/academy

Contact

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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

www.osc.state.ny.us/local-government

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

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