



Cincinnatus Fire District

Board Oversight

2025M-77 | December 2025

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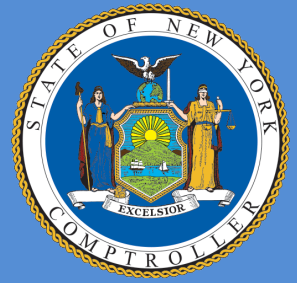
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Audit Results



Cincinnatus Fire District

Audit Objective	Audit Period
Did the Cincinnatus Fire District (District) Board of Fire Commissioners (Board) properly safeguard financial resources?	January 1, 2023 – October 31, 2024. We extended the audit period to March 18, 2025 to review training certificates, the adopted code of ethics policy and obtain the 2025 adopted budget.
Understanding the Audit Area	
<p>A fire district board is responsible for providing proper oversight of a fire district's financial resources. This includes properly safeguarding financial resources to protect taxpayers, ensure operational effectiveness, and prevent fraud and misuse of funds. This is accomplished, in part, by monitoring financial and inventory records, establishing clear policies, and complying with New York State Town Law (Town Law) Section 176-e that mandates fiscal oversight training.</p> <p>The District's budgeted appropriations for 2025 totaled \$219,166 and the District's reserve fund balance totaled \$29,282 as of December 31, 2024. Additionally, the District had 580 assets totaling approximately \$2.2 million on its inventory record and insurance policies.</p>	

Audit Summary

The Board did not always properly safeguard financial resources. Although the Board received sufficient monthly financial reports, monitored financial operations throughout the year and ensured that annual financial reports (AFRs) were filed in a timely manner, the Board did not:

- Ensure that District assets were properly accounted for and safeguarded, including 19 assets totaling \$33,009 that were not onsite. These assets included items such as computers, cameras and night vision goggles.
- Adopt:
 - A required code of ethics policy to establish reasonably expected standards of conduct, or
 - A fund balance and reserve fund policy to establish reasonable fund balance limits and guidance on the use of fund balance and reserves.

Furthermore, one Board member did not complete the required fiscal oversight training within 270 days of taking office which, as of March 11, 2025, was 165 days past the deadline.

Without accurate and up-to-date inventory records, District officials cannot ensure that all assets are accounted for and easily located, which increases the risk that assets could be lost, stolen or misused. Additionally, without a code of ethics policy, Board members and officials did not have guidelines defining the standards of conduct, including the disclosure of potential conflicts of interest. The lack of a fund balance and reserve policy meant the District did not have clear guidelines for defining how much fund balance should be maintained or how it should be monitored. Lastly, when Board members do not complete the required fiscal oversight training, they may not be aware of their legal and financial responsibilities when conducting business on behalf of the District.

The report includes five recommendations that, if implemented, will improve the Board's oversight of financial resources. District officials generally agreed with our findings and indicated they have initiated or plan to initiate corrective action. The District's response is included in Appendix B.

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 (GML). Our methodology and standards are included in Appendix C.

The Board has the responsibility to initiate corrective action. Pursuant to Section 181-b of 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.

Board Oversight: Findings and Recommendations

An effective system of internal controls can help ensure a fire district's assets are safeguarded. These controls include, but are not limited to, maintaining complete and accurate financial records, maintaining adequate asset inventory records and conducting a periodic physical inventory and adopting policies and establishing procedures to manage financial operations. An established system of internal controls can help ensure financial transactions are supported, authorized and accurately recorded in the accounting records; assets are properly tracked and safeguarded; and policies and procedures are established. Furthermore, Town Law Section 176-e requires each fire district board member to complete fiscal oversight training within 270 days of their first day in office.

More details on the criteria used in this report, as well as resources we make available to local officials that can help officials improve operations (Figure 1), are included in Appendix A.

Finding 1 – The Board generally monitored financial operations but did not properly safeguard District assets.

Although the Board received sufficient monthly financial reports, monitored financial operations throughout the year and ensured that AFRs were filed in a timely manner, the Board did not always properly safeguard District assets.¹

The Board did not ensure the inventory record was kept up to date or that periodic physical inventories were performed. These practices are essential to confirm that assets are onsite and in use, and to help prevent and detect abuse, misuse or theft. We reviewed the District's onsite assets, inventory record and insurance policy to determine whether officials added newly acquired assets and removed disposed assets from the listing, as a key internal control to safeguard District assets:

- We traced 40 assets totaling \$51,881 from the inventory record to the physical asset itself to determine whether they were onsite and in use. We determined that 19 assets totaling \$33,009 (64 percent) were not onsite, such as:
 - An automated external defibrillator,
 - Cameras,
 - Computers,
 - A copier,
 - Night vision goggles, and
 - A pressure washer.

¹ See Appendix C for audit testing methodology. Unless specifically noted in this audit report, our audit testing did not identify any significant discrepancies other than minor exceptions that we discussed with District officials.

Cincinnati Fire Department (Department) Chiefs told us that they were not sure whether the District still had the assets and that they may have been replaced by newer models. However, officials were uncertain if the assets were disposed of, misplaced or stolen. Additionally, two assets totaling \$1,978 could not be identified due to vague descriptions in the inventory record. The two assets were called a “speedway cutter” and “microwave oven” in the inventory record, but the listing lacked sufficient detail to specifically identify the physical asset. Furthermore, the inventory record included two vehicles, listed as “Honda ATV” and “boat trailer,” totaling \$4,250 that could not be specifically identified due to the lack of detailed information, such as vehicle identification, serial or model numbers. However, we observed two vehicles onsite that generally matched the descriptions on the inventory record. When inventory records lack sufficient detail and are not updated in a timely manner, the Board has reduced assurance that assets have been properly replaced with similar assets, increasing the risk of misuse or theft.

- We selected 15 onsite assets to verify whether they were properly recorded on the inventory record to ensure they could be tracked to reduce the risk of abuse, misuse or theft. We determined that 10 assets (67 percent) were not recorded on the inventory record. These 10 assets included items such as an air compressor, chainsaw, generator and snowplow.
- We selected 10 assets purchased during the audit period totaling \$9,494 to determine whether they were on the inventory record, located onsite, and being used for appropriate District purposes. While we determined that the 10 assets were onsite and being used for appropriate District purposes, the assets were not recorded on the inventory record. These assets included a garage heater, laptops, portable lights, a pressure washer, tower lights and a washer.
- We reviewed the District’s January 2025 insurance policy to determine whether the 15 vehicles listed on the policy totaling approximately \$2 million were located onsite, in use and included on the inventory record. We determined that two vehicles listed on the insurance policy with values totaling \$200,000 (10 percent) were not onsite or in use. Three Board members said that one vehicle was sold in December 2024, and the Treasurer told us the other was donated to a nearby town prior to the audit period, but was unsure when that donation occurred. As a result, the District paid insurance premiums for vehicles it no longer owned. Additionally, five District-owned vehicles totaling approximately \$1.1 million (55 percent) were listed on the insurance policy, but were not on the District’s inventory record. All vehicles, including those on an insurance policy, should be recorded on an inventory record to be an effective internal control.

These deficiencies occurred because the Board did not designate a person to maintain an inventory record and ensure assets were properly identified. Three Board members stated that the Department has an inventory record that was originally developed by one of the Board members when they served as the Department Chief. The three Board members and Department Chief told us that the inventory record has not been updated in several years and, historically, Department Chiefs were unaware of its existence or the need to keep it current. Also, two Board members and the Treasurer said that the District did not have formal procedures for disposing of assets. Although the Board typically receives disposal requests for larger items, such as vehicles, smaller items are often disposed of without Board approval. Furthermore, the Board did not request that a periodic physical inventory be conducted.

Because officials did not conduct periodic asset inventories, add new District assets to the inventory record or properly dispose of District assets, accountability of District assets was not properly maintained. As a result, certain District assets were unaccounted for.

Recommendations

The Board should:

1. Implement a periodic physical inventory process and identify an appropriate official responsible for maintaining an accurate and up-to-date inventory record.
2. Notify the insurance provider with accurate information on what vehicles to insure and when vehicles are disposed of.
3. Adopt a written asset disposal policy to establish formal procedures over the disposal of assets.

Finding 2 – The Board did not adopt certain policies.

We reviewed the District's policies and determined that the Board adopted policies for procurement, credit card use, travel and investments. However, the Board did not adopt the required code of ethics policy or a fund balance and reserve fund policy.

In the absence of a code of ethics policy, we distributed conflict of interest forms to all five Board members to determine whether they had potential conflicts. Four Board members completed and returned the forms with no conflicts identified. Although one Board member said she would return the form, she did not do so. We discussed potential conflicts with the Board member, and she said that because she had no outside interests, she would not have a conflict of interest. We also reviewed the District's disbursements during the audit period and determined that no payments were made to the Board members or their employers and there was no indication of a potential conflict of interest.

Four Board members told us they were unaware that the District was required to have a code of ethics policy. However, all four Board members completed the required fiscal oversight training, which advises officials of the requirement to have a code of ethics policy. Additionally, four Board members said they were unaware that the District should have a fund balance and reserve fund policy. The remaining Board member did not complete the training and as a result, was unaware the District should have these policies.

Without a code of ethics policy, the District lacked formal guidelines outlining the standards of conduct expected from its Board members, officers and employees. This includes expectations related to the discharge of official duties, disclosure of interests in legislation before the Board, holding investments that may conflict with official responsibilities, private employment conflicts and post-employment

restrictions. Additionally, without a written fund balance and reserve fund policy, the District did not have official guidelines on the amount of fund balance that should be maintained, what it can be used for, requirements for its use and how it should be monitored or reviewed. During audit fieldwork, the audit team discussed the lack of these policies with Board members. As a result, the Board adopted a code of ethics policy in March 2025, but did not adopt a fund balance and reserve policy. Board members could not provide an explanation for not adopting this policy.

Recommendation

4. The Board should adopt a written fund balance and reserve fund policy.

Finding 3 – One Board member did not complete the required fiscal oversight training.

We reviewed training records to determine whether the Board members completed the mandatory fiscal oversight training course within 270 days of their first day in office. We determined that one of the five Board members elected during the audit period (whose term started on January 1, 2024) did not complete the required training. As of March 11, 2025, the Board member was 165 days past the 270-day deadline to complete the required training. Although the other Board members encouraged this member to take the training, it remained incomplete. The Board member told us that personal obligations and a lack of time are why they did not complete the training. Had this member completed the mandatory training in a timely manner, they would have been better equipped to contribute to the implementation of the policies and procedures outlined in this report.

Recommendation

5. The Board member should complete the mandatory fiscal oversight training.

Appendix A: Profile, Criteria and Resources

Profile

The District provides fire protection and emergency medical services within the Towns of Cincinnatus, Taylor and Freetown in Cortland County and the Town of Pitcher in Chenango County.

The elected five-member Board is responsible for the general management and control of financial operations, including adopting policies and procedures for District operations and ensuring assets are safeguarded. The Treasurer is the chief fiscal officer and is responsible for maintaining the District's accounting records and reports and preparing and maintaining the Board meeting minutes. The Treasurer also serves as the Secretary.

Additionally, the Board oversees the unincorporated Department, including approving budgets, monitoring financial transactions and purchasing and tracking assets.

Criteria – Board Oversight of Financial Resources

A fire district board is responsible for overseeing the fire district's fiscal activities and safeguarding its resources. To fulfill this duty, it is essential that the fire district board establish a system of internal controls, which include policies and procedures that provide reasonable assurance that disbursements are authorized, properly recorded in a timely manner, supported by appropriate documentation and for legitimate fire district purposes. The policies and procedures should also help ensure that financial reports are accurate, reliable and filed in a timely manner, and that the fire district complies with applicable laws, rules and regulations.

The treasurer is responsible for maintaining complete, accurate and timely records to account for the fire district's financial activities, and for preparing and submitting monthly and annual reports to the fire district board for monitoring fire district operations. The fire district board should also ensure that claims are supported by adequate documentation; review financial records, bank statements and reconciliations; and ensure that funds are used for legitimate fire district disbursements.

A fire district board should ensure that assets are adequately protected by properly maintaining asset records which include specific information for identifying assets (e.g., serial number, make or model). Also, officials should complete a periodic physical inventory and properly dispose of surplus assets. The fire district board should assign a person who is responsible for maintaining the inventory record and ensuring assets can be properly identified.

GML Section 39 requires the fire district board to adopt a comprehensive investment policy, which details the operative policy and instructions to officers and staff regarding investing, monitoring and reporting funds and states that the policy be reviewed annually.

GML Section 104-b requires the fire district board to adopt procurement policies and procedures for goods and services, which are required to be made pursuant to the competitive bidding requirements of GML Section 103.

GML Section 806 requires the fire district board to adopt a code of ethics that provides standards of conduct and procedures for disclosure of interests. A code of ethics also provides a shared set of expectations that promotes accountability and builds trust.

The fire district board should adopt written fund balance and reserve fund policies that define the amounts of fund balance, including reserves, that the fire district should maintain to ensure current obligations can be met and how fund balance and reserves can be used.

Elected and appointed commissioners must complete an OSC-approved fiscal oversight training course within 270 days of their first day in office. Town Law Section 176-e requires that training course to cover the commissioner’s legal, fiduciary, financial, procurement and ethical responsibilities. Commissioners are required to complete the training each time they are elected, re-elected, appointed or reappointed to office.

Additional Board Oversight Resources

Figure 1: OSC Publications

OSC <i>Local Government Management Guides</i> are available on our website to help officials understand and perform their responsibilities.		
<i>Fiscal Oversight Responsibilities of the Governing Board</i>	<i>Capital Assets</i>	<i>Reserve Funds</i>
https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf	https://www.osc.ny.gov/files/local-government/publications/pdf/capital-assets.pdf	https://www.osc.ny.gov/files/local-government/publications/pdf/reserve-funds.pdf

In addition, our website can be used to search for audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

Appendix B: Response From District Officials



CINCINNATUS FIRE DISTRICT
P.O. Box 144
CINCINNATUS, NY 13040

December 5, 2025

Lucas S. Armstrong, Chief of Municipal Audits
Office of the New York State Comptroller
State Office Building, Suite 1702
44 Hawley Street
Binghamton NY, 13901

RE: Audit response

Dear Mr. Armstrong,

The fire district appreciates the Comptroller's review of the District's processes and finances. We were pleased to see relatively minor issues that need to be addressed. The Board has adopted a Code of Ethics and a Reserve Fund/Fund Balance policy, effective prior to this date.

With regard to the single commissioner who did not complete the training, the commissioner did not start the term but instead filled a vacancy. Unfortunately, that commissioner failed to attend meetings and ceased performing duties of a commissioner. His term expires this year. The new commissioner will be required to complete the training, as did four of the other five commissioners.

Finally, we are monitoring and when necessary, recouping possession of the assets which are not on site.

The Fire District again thanks you for your review and suggestions, each of which have been implemented.

Respectfully,

Derek Raimo
Chairperson of the Cincinnati Fire District Board of Commissioners

Appendix C: Audit Methodology and Standards

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 District policies, Board meeting minutes and accounting records to obtain an understanding of the policies and procedures relating to the District's asset management and financial activities.
- We selected all eight fire protection contract revenue transactions totaling \$374,461 from the cash receipts records and used a random number generator to select a sample of seven non-fire protection contract revenue transactions totaling \$10,461 between January 1, 2023 and October 31, 2024. We compared these transactions to supporting documentation, including fire protection contracts, rental agreements, donations, insurance and grant letters and Board meeting minutes, to determine whether revenues were adequately supported and deposited into District bank accounts.
- We used a random number generator to select a sample of 23 disbursements totaling \$10,232 from the cash disbursements records between January 1, 2023 and October 31, 2024 and compared them to supporting documentation, including invoices, purchase receipts, canceled check images and bank statements, to determine whether disbursements were adequately supported, for appropriate District purposes and properly approved.
- We reviewed Board meeting minutes, monthly and annual financial reports and budget-to-actual comparison reports to determine the extent of financial information provided to the Board and whether the 2023 and 2024 year-end financial reports were adequately supported and accurate.
- We reviewed bank reconciliations for July and December 2024 to determine whether the Treasurer prepared monthly bank reconciliations accurately and in a timely manner. We selected one summer month and one winter month to diversify our sample.
- We reviewed the District's inventory record and insurance policies for the audit period and identified 580 assets, District-owned vehicles and property totaling \$2.2 million. We used our professional judgment to select 40 assets totaling \$51,881 from the inventory record and insurance policies that we determined to be walkable and susceptible to theft or could be used for non-District purposes and traced the selected assets to determine whether they were onsite and in use.
- We reviewed cash disbursement records for all 26 disbursements of at least \$100 totaling \$20,255 that included new asset purchases and determined that 56 assets totaling \$19,267 were purchased. We used our professional judgment to select 10 assets totaling \$9,494 that are higher risk items susceptible to theft, misuse or abuse, and traced these disbursements to claim voucher packets and canceled check images to determine whether they were properly supported, approved by the Board, paid by the District, included on the inventory record and onsite.

-
- We documented 15 additional assets we observed during our asset tracing walkthrough that we determined to be walkable or could be used for non-District purposes and traced them to the inventory record to determine whether the assets were properly recorded on the listing.
 - We reviewed District policies and Board meeting minutes to determine which policies were adopted by the Board.
 - We mailed conflict of interest forms to District Board members and reviewed the completed forms and disbursement records to determine whether conflicts were present. For the one Board member who did not return a conflict of interest form, we reviewed disbursement records and interviewed the Board member to determine why the form was not returned and whether any conflicts were present.
 - We requested and reviewed all completion certificates for each Board member to determine whether they completed the required fiscal oversight training course. We interviewed the Board member who did not complete the required training to determine why the training was not completed.

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 relevant population size and the sample selected for examination.

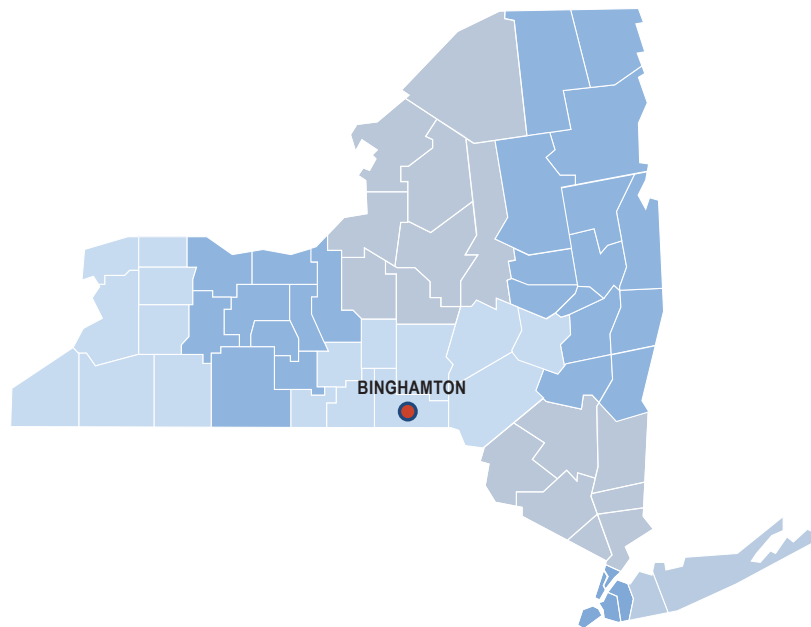
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