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December 2025

Daniel Cox, Chairman  
Members of the Board of Fire Commissioners  
Gates Fire District  
2355 Chili Ave  
Rochester, NY 14624

Report Number: 2024M-10-F

Dear Chairman Cox and Members of the Board of Fire Commissioners:

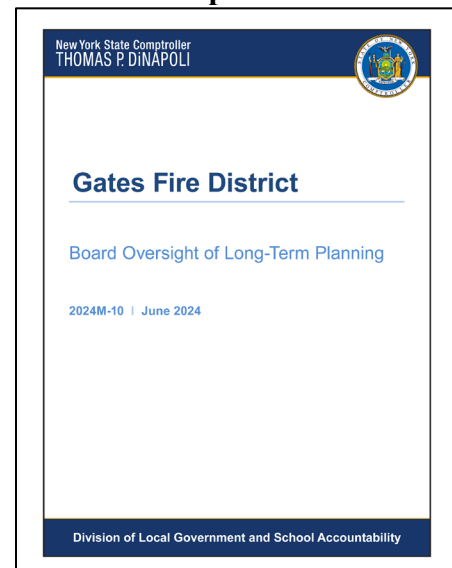
One of the Office of the State Comptroller's primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. The Office also works to develop and promote short-term and long-term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

In accordance with these objectives, we conducted an audit of the Gates Fire District (District) to assess whether the District Board of Fire Commissioners (Board) and officials properly planned for the District's long-term financial and capital needs. The Board consists of five members (Commissioners) including one who serves as the Chairman.

As a result of our audit, we issued a report, dated June 2024, identifying certain conditions and opportunities for the Board's review and consideration (Figure 1). In response to the audit, District officials filed a corrective action plan (CAP) with our Office in May 2024. The CAP identified the actions the Board planned to take to implement the audit recommendations.

To further our policy of providing assistance to local governments, we revisited the District on September 23, 2025. Our follow-up review was limited to interviews with the Chairman and the

**Figure 1: Gates Fire District  
2024 Audit Report**



<https://www.osc.ny.gov/files/local-government/audits/2024/pdf/gates-fire-district-2024-10.pdf>

District's Treasurer, inspection of certain documents related to the issues identified in our report and a review of the District's CAP.<sup>1</sup>

Based on our limited procedures, the District has implemented corrective action for all eight audit recommendations.

### **Recommendation 1 – Long-term Planning**

The Board should develop and periodically update comprehensive written long-term financial and capital plans to be used in conjunction with the annual budget process.

Status of Corrective Action: Fully Implemented

Corrective Action Plan: The District's CAP stated that the Board had established a long-term capital plan that "...[W]ill be periodically monitored and updated. The Fire District will develop and periodically update a comprehensive written long-term financial plan to be used in conjunction with the annual budget process."

Observations/Findings: The Treasurer and the Board developed a comprehensive written multiyear plan which the Board adopted in October 2024. We reviewed the plan and determined that it contained the major elements necessary for effective long-term financial and capital planning. For example, the plan includes a budget summary including projected revenues and appropriations, funding and use of reserve funds, and projected fund balance through fiscal year 2029. In addition, the plan includes an overview of anticipated capital projects in fiscal years 2025 through 2029, including estimated costs and the funding source for each project. The Treasurer and the Chairman told us the Board will revisit the multiyear plan annually during the budget meetings.

### **Recommendation 2 – Fund Balance Policy**

The Board should adopt a written fund balance policy to define the amounts of fund balance, including reserve funds, that the District should reasonably maintain and provide guidance for funding and using reserves.

Status of Corrective Action: Fully Implemented

Corrective Action Plan: The District's CAP stated that "*The Fire District will adopt a written fund balance policy defining the amounts of fund balance, including the reserve funds, that the Fire District should reasonably maintain and provide guidance for funding and using reserves.*"

Observations/Findings: The Board adopted a fund balance policy in October 2024, which defines the amount of fund balance the District should maintain and provides guidance on the types of reserve funds the District may establish, along with their purpose.

Specifically, the policy states that the District should maintain an unrestricted fund balance between 9 and 15 percent of the ensuing year's real property tax levy (tax levy) and defines the

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<sup>1</sup> See Appendix A for the District's CAP to the OSC audit report.

different types of reserve funds (i.e., Repair, Capital, Fire Facility, and Fire Communications) that may be established. The amount of reserve funds to be maintained, along with the funding and use of the reserves, is documented within the District's multiyear plan.

### **Recommendation 3 – Budgeting**

The Board should adopt budgets that include reasonable estimates for revenues and appropriations including the funding and use of specific reserve funds.

Status of Corrective Action: Fully Implemented

Corrective Action Plan: The District's CAP stated that *"The Fire District will continue to adopt budgets that include reasonable estimates of revenues and appropriations including the funding and use of specific reserve funds."*

Observations/Findings: In our audit, we determined that the District had unplanned operating deficits in fiscal years 2021 and 2022 totaling \$1.5 million. Deficits were largely due to underestimating appropriations, because District officials did not budget for equipment or capital expenditures that were funded with reserve funds. During our follow-up review, we determined that the District's budgets for fiscal years 2023 through 2025 included appropriations for all equipment and capital expenditures, including when reserve funds were planned as the funding source. As a result, the District had operating surpluses in fiscal years 2023 and 2024 totaling \$1.9 million. These surpluses increased unrestricted fund balance to 9 percent of the ensuing year's tax levy, which was within the limits set in the District's fund balance policy (See Recommendation 2).

The District's fiscal year 2025 adopted budget included more reasonable estimates of revenues and appropriations including the funding and use of reserve funds. Specifically, the fiscal year 2025 adopted budget included \$529,400 in appropriations for "equipment or capital outlay." These appropriations were partially funded by reserve funds totaling \$257,800 including a new fire station roof (\$185,000), a security system (\$42,800) and fire station kitchen upgrades (\$30,000). The remaining \$271,600 was funded by real property tax revenues.

### **Recommendation 4 – Unrestricted Fund Balance and Reserve Funds**

The Board should develop a plan to ensure the District generates and maintains reasonable unrestricted fund balance and reserve funds.

Status of Corrective Action: Fully Implemented

Corrective Action Plan: The District's CAP stated that, as part of its adopted fund balance policy, *"...[T]he Fire District will continue to develop plans to ensure the Fire District generates and maintains reasonable unrestricted fund balance and reserve funds."*

Observations/Findings: The Board-approved multiyear plan (See Recommendation 1) included projections of unrestricted fund balance and reserve funds. District officials projected the

unrestricted fund balance to be approximately 13 percent of the ensuing year's tax levy for the 2025 through 2029 fiscal years, which is reasonable based on the District's fund balance policy. The multiyear plan also includes an overview of anticipated capital improvements and equipment purchases along with estimated costs and funding sources.

### **Recommendation 5 – Monthly Treasurer's Reports**

The Board should ensure the Treasurer provides adequate and accurate monthly financial reports.

Status of Corrective Action: Fully Implemented

Corrective Action Plan: The District's CAP stated that *"The Fire District will continue to ensure the Treasurer provides adequate and accurate monthly financial reports."*

Observations/Findings: In our audit, we determined that the Treasurer's reports were not adequate or accurate because the Treasurer did not:

- Record the required year-end accounting entries,
- Provide fund balance estimates as part of the budgetary process,
- Include expenditures funded with reserves in the budget-to-actual reports, and
- Use the required account codes in the District's budgets or accounting records.

During our follow-up review, we determined the Treasurer provided adequate and accurate monthly financial reports to the Board. We reviewed the August 2025 monthly reports the Treasurer provided to the Board and determined that the Board received a budget-to-actual report with all expenditures, including those funded with reserves, along with corresponding appropriations. In addition, the Treasurer recorded the required year-end accounting entries (See Recommendation 6) and provided fund balance estimates as part of the budgetary process (See Recommendation 7).

Furthermore, the District's budgets and accounting records used the required account codes (See Recommendation 8), making it easier for officials and the public to compare the District's records and reports with the audited financial statements.

### **Recommendation 6 – Financial Software**

The Board should evaluate whether the financial software meets the District's financial recording and reporting needs and take any appropriate action as needed.

Status of Corrective Action: Fully Implemented

Corrective Action Plan: The District's CAP stated that *"The Fire District will evaluate whether the financial software meets the Fire District's financial recording and reporting needs and take any appropriate action as needed."*



Observations/Findings: The Chairman and the Treasurer stated that at the time of our audit, they believed the District's financial software was limited to cash-basis<sup>2</sup> reporting which prohibited the Treasurer from recording certain end-of-year accounting entries. However, the District's external certified public accountant (CPA) trained the Treasurer to properly use the District's existing financial software to help ensure the Treasurer provided accurate financial reports to the Board, including the appropriate end-of-year accounting entries.

### **Recommendation 7 – Fund Balance Estimates**

The Treasurer should provide fund balance estimates during budget development.

Status of Corrective Action: Fully Implemented

Corrective Action Plan: The District's CAP stated that *"The Treasurer will continue to provide fund balance estimates during budget development."*

Observations/Findings: During the 2025 and 2026 fiscal years' budget development process, the Treasurer provided the Board with fund balance estimates by email and presented a fund balance analysis during preliminary budget hearings, which included a breakdown of fund balance by category and amount, including reserve funds.

### **Recommendation 8 – Accurate Financial Records and Reports**

The Treasurer should prepare accurate financial records and reports using correct account codes.

Status of Corrective Action: Fully Implemented

Corrective Action Plan: The District's CAP stated that *"The Treasurer will continue to prepare accurate financial records and reports and will implement account coding for the same."*

Observations/Findings: The Treasurer prepared accurate financial records and reports using correct account codes. We compared the District's 2024 Annual Financial Report (AFR) to the CPA's audited financial statements and determined that the AFR was accurate. In addition, we reviewed the fiscal year 2025 adopted budget and the August 2025 budget-to-actual report and determined that the correct account codes were used in both reports based on the guidance provided from our office, specifically our publication *Fire Districts: Accounting and Reporting Manual*.<sup>3</sup>

During our review, we discussed the basis for our recommendations and the operational considerations relating to these issues. We commend District officials for their efforts to fully implement our recommended improvements.

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<sup>2</sup> Cash basis generally means that no financial transaction is recorded in the accounting records of a fire district unless cash has been received or disbursed. Cash basis of accounting may be used by fire districts with less than \$500,000 of revenues. Fire districts with \$500,000 or more of revenues are required to maintain their accounting records and report their financial activities on a modified accrual basis of accounting.

<sup>3</sup> Available at <https://www.osc.ny.gov/files/local-government/publications/pdf/arm-fds.pdf>

Thank you for the courtesies and cooperation extended to our auditors during this review. If you have any further questions, please contact Nicole Tomsen, Chief of Municipal Audits of our Statewide Audit Unit, at (716) 847-3647.

Sincerely,

Robin L. Lois, CPA  
Deputy Comptroller

## Appendix A – District’s CAP to the OSC Audit Report



# GATES FIRE DISTRICT

2355 Chili Avenue, Rochester, New York 14624

Phone 585-426-2720 Fax 585-426-7444

[www.gatesfd.org](http://www.gatesfd.org)

*Serving Territory in the Towns of Gates and Chili, N.Y.*



May 10, 2024

### VIA EMAIL AND REGULAR MAIL

Mr. Edward V. Grant Jr., Chief of Municipal Audits  
Local Government and School Accountability  
Office of the New York State Comptroller  
The Powers Building  
16 West Main Street, Suite 522  
Rochester, New York 14614-1608

ATTN: [REDACTED]

RE: Gates Fire District- Board Oversight of Long-Term Planning  
2024M-010

Dear Mr. Grant:

Thank you for your office's preliminary draft findings ("Report") which was received on April 16, 2024 and subsequently revised following our meeting on April 22, 2024 with your staff. The Report has been reviewed and discussed by the Board of Fire Commissioners (the "Board") and officers of the Gates Fire District (the "Fire District") following the exit conference with [REDACTED]

We are grateful for the professionalism shown by the Comptroller's staff, particularly [REDACTED] the suggestions and observations for our assuring continued awareness of protection of the Fire District's financial accountability has been extremely valuable since the field work by your office.

In particular, we are very appreciative of confirmation that the audit found no indications of any fraud, theft or other possible misconduct by fire district officials in dealing with public funds. The thoroughness of your office's review of all disbursements and findings, is further assurance that all taxpayer dollars are being spent properly.



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Except as noted below, we are in agreement with the audit's findings and have begun the process of implementing measures to improve the Fire District's management and oversight of the Fire District's fiscal affairs as outlined in your recommendations. We also welcome this opportunity to prepare and present our completed corrective action plan, which provides a detailed account of how we have used the audit findings and recommendations to positively improve operations and internal controls.

In particular, the Board submits the following in further response to the noted items in the Report:

- *"The Board and District officials did not develop a written long-term financial plan and a comprehensive capital plan, which inhibited them from effectively managing finances and addressing future operating and capital needs."*

The Board generally disagrees with this statement. Although a written long-term financial plan and comprehensive capital plan might assist the Board addressing future operating and capital needs, the lack of such a plan has not inhibited the Fire District from effectively managing its finances. During recorded public meetings, the Board has been fully transparent with its discussions of significant future appropriations, how the appropriations will be funded and the impact it will have on the Fire District and its taxpayers.

- *"Through its budgets, the Board gave taxpayers the impression that the District would be funding reserves, when in fact, the Board depleted them with unbudgeted expenditures from the reserves."*

The Board also generally disagrees with this statement. The Board has always funded the reserves when budgeted. It is also not uncommon to have fluctuations in reserve balances based on funding and expenditures each year. The Board had significant planned expenditures from the reserves during the years 2021 and 2022, fully explaining the decline in reserve balance during that time. Additionally, also in 2021 and 2022, the Board planned and executed utilizing its reserves to purchase apparatus and repair facilities for the safety and improvement of our operations. Using the reserves for these expenditures kept the Fire District from burdening the taxpayers by increasing taxes or adding costs associated with issuing a bond. As of April 2024, the reserve balances for the Fire District have increased to approximately \$1.9M as part of future planned capital projects.

- *"The Board Did Not Ensure the Treasurer Provided Adequate and Accurate Financial Reports".*

The Board also generally disagrees with this statement. The Board asserts that the reports provided each month encompass all the revenues and appropriations of the Fire District for the Board to make effective financial decisions. Since her appointment in 2021, the Treasurer has also



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improved many of the reports to the Board in both scope and substance, which have provided a more comprehensive, detailed and transparent view of the financial position of the Fire District.

The Board has carefully considered the Report of Examination as well as each of the recommendations, and believes it is in the best interest of both the Fire District and the taxpayers of the Fire District to combine its response with its Correction Action Plan.

Accordingly, this audit response is also serving as the Correction Action Plan.

**Audit Recommendation #1:**

*Develop and periodically update comprehensive written long-term financial and capital plans to be used in conjunction with the annual budget process.*

**Implementation Plan of Action:** The Board has already established a long-term capital plan which was presented to the auditors along with approved Board Minutes stating the plan was discussed and reviewed by the Board. This long-term capital plan will be periodically monitored and updated. The Fire District will develop and periodically update a comprehensive written long-term financial plan to be used in conjunction with the annual budget process.

**Implementation Date:** Immediate and ongoing.

**Persons Responsible for Implementation:** Board of Fire Commissioners, Fire District Treasurer and District officials.

**Audit Recommendation #2:**

*Adopt a written fund balance policy to define the amounts of fund balance, including reserve funds, that the District should reasonably maintain and provide guidance for funding and using reserves.*

**Implementation Plan of Action:** The Fire District will adopt a written fund balance policy defining the amounts of fund balance, including reserve funds, that the Fire District should reasonably maintain and provide guidance for funding and using reserves.

**Implementation Date:** September 30, 2024 and ongoing.

**Persons Responsible for Implementation:** Board of Fire Commissioners and Fire District Treasurer.



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**Audit Recommendation #3:**

*Adopt budgets that include reasonable estimates for revenues and appropriations including the funding and use of specific reserve funds.*

**Implementation Plan of Action:** The Fire District will continue to adopt budgets that include reasonable estimates for revenues and appropriations including the funding and use of specific reserve funds.

**Implementation Date:** September 30, 2024 and ongoing.

**Persons Responsible for Implementation:** Board of Fire Commissioners and Fire District Treasurer.

**Audit Recommendation #4:**

*Develop a plan to ensure the District generates and maintains reasonable unrestricted fund balance and reserve funds.*

**Implementation Plan of Action:** As part of the fund balance policy noted above, the Fire District will continue to develop plans to ensure the Fire District generates and maintains reasonable unrestricted fund balance and reserve funds.

**Implementation Date:** Immediate and ongoing.

**Persons Responsible for Implementation:** Board of Fire Commissioners and Fire District Treasurer.

**Audit Recommendation #5:**

*Ensure the Treasurer provides adequate and accurate monthly financial reports.*

**Implementation Plan of Action:** The Fire District will continue to ensure the Treasurer provides adequate and accurate monthly financial reports.

**Implementation Date:** Immediate and ongoing.

**Persons Responsible for Implementation:** Board of Fire Commissioners and Fire District Treasurer.



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**Audit Recommendation #6:**

*Evaluate whether the financial software meets the District's financial recording and reporting needs and take any appropriate action as needed.*

**Implementation Plan of Action:** The Fire District will evaluate whether the financial software meets the Fire District's financial recording and reporting needs and take any appropriate action as needed.

**Implementation Date:** December 31, 2024.

**Persons Responsible for Implementation:** Board of Fire Commissioners, Fire District Treasurer and potential outside vendors.

**Audit Recommendation #7:**

*The Treasurer should provide fund balance estimates during budget development.*

**Implementation Plan of Action:** The Treasurer will continue to provide fund balance estimates during budget development.

**Implementation Date:** Immediate and ongoing.

**Person Responsible for Implementation:** Fire District Treasurer.

**Audit Recommendation #8:**

*The Treasurer should prepare accurate financial records and reports using correct account codes.*

**Implementation Plan of Action:** The Treasurer will continue to prepare accurate financial records and reports and will implement account coding for the same.

**Implementation Date:** Immediate and ongoing.

**Person Responsible for Implementation:** Fire District Treasurer.



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Again, we wish to thank your team of examiners for their thorough examination of the Fire District's records and the time spent with Fire District officials in explaining the audit process and their findings.

Very truly yours,

GATES FIRE DISTRICT

By: 

Daniel Cox, Chairman  
Board of Fire Commissioners



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