



# Hyde Park Fire and Water District

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## Procurement

**2025M-31 | July 2025**

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# Report Highlights

## Hyde Park Fire and Water District

### Audit Objective

Determine whether the Hyde Park Fire and Water District (District) Board of Trustees (Board) procured capital assets, goods and services in a cost-effective and transparent manner.

### Key Findings

The Board did not always procure capital assets, goods and services in a cost-effective and transparent manner. Specifically, the Board did not:

- Seek competition when entering into a contract to purchase a ladder truck for \$1.9 million or maintain written support to demonstrate that the District properly used an exception to the competitive bidding requirements set forth in General Municipal Law (GML), Section 103(16) and the District’s procurement policy (Policy).
- Obtain quotes when purchasing six goods and services totaling \$41,316 and did not request proposals for one professional service contract totaling \$19,043, as required by the Policy.

Also, one Trustee did not publicly disclose, in writing, his interest in a contract when the District purchased property from a separately incorporated Fire Department (Department) for \$160,000.

### Key Recommendations

- Comply with competitive bidding requirements and the Policy when making purchases, or maintain documentation when using an exception to competitive bidding requirements.
- Publicly disclose, in writing, interest in contracts when approving transactions between the District and the Department.

District officials generally agreed with our recommendations and indicated they plan to implement corrective action.

### Audit Period

January 1, 2022 – February 20, 2024.  
We extended our audit period to June 9, 2021 to review events related to the District’s property acquisition.

### Background

The District provides fire protection services within a portion of the Town of Hyde Park (Town), which is located in Dutchess County. The elected five-member Board governs the District and is responsible for its overall financial management.

The Chairman of the Board (Chairman) also serves as the Treasurer of the Department.

The District Secretary assists the Board with the District’s day-to-day operations and serves as the Board-appointed purchasing agent.

Quick Facts	
2024 Appropriations	\$2.8 million
Ladder Truck Purchase Contract	\$1.9 million
Property Purchase	\$160,000

# Procurement of Capital Assets, Goods and Services

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## What Is Proper Procurement of Capital Assets, Goods and Services?

Fire districts (districts) must procure capital assets, goods and services by following the requirements of the New York State General Municipal Law (GML) Section 103. GML Section 103 generally requires districts to solicit competitive bids for purchase contracts that exceed \$20,000 and contracts for public work that exceed \$35,000. However, GML provides certain exceptions to its competitive bidding requirements.

One exception, often referred to as piggybacking, allows a district board (board) to procure certain goods by using other governmental contracts. For the exception to apply, certain prerequisites must be met, which include:

- The contract must have been awarded by the United States, any U.S. agency, any state, or any other political subdivision or district therein.
- The contract must have been made available for use by the other governmental entity.
- The contract must have been awarded to the lowest responsible bidder or on the basis of best value, as defined in New York State Finance Law Section 163.<sup>1</sup>

The piggybacking exception allows districts to benefit from the competitive process already undertaken by other local governments. In some cases, group purchasing organizations (GPOs) may advertise the use of governmental contracts to other local governments. When procuring goods and services in this manner, a board is responsible for reviewing each proposed procurement to determine (on the advice of the district's legal counsel, as appropriate) whether the procurement satisfies the prerequisites for the piggybacking exception to apply. District officials should maintain appropriate documentation to demonstrate that the prerequisites were met to support the use of this exception.

In addition, a board is required by GML Section 104-b to adopt written policies and procedures for purchasing goods and services that are not subject to competitive bidding requirements. Districts must purchase goods and services that are not subject to competitive bidding requirements in a manner that ensures the prudent and economical use of public funds, serves the taxpayers' best interests and guards against favoritism, waste, fraud and abuse.

However, GML allows fire districts to set forth in their policies the circumstances for when, or the types of procurements for which, the district determines that soliciting alternative proposals or quotes will not be in the best interests of the district. The Policy outlines requirements for officials to follow when making purchase contracts (e.g., for supplies and equipment) or public works contracts that are not required by GML Section 103 to be competitively bid. For example, the Policy authorizes purchasing officials to use the piggybacking exception set forth in GML Section 103 (16).

However, according to the Policy, before using the piggybacking exception to purchase apparatus and equipment, the Board is required to:

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<sup>1</sup> The New York State Office of the State Comptroller (OSC) published a bulletin to help district officials understand the prerequisites for using these exceptions, which can be accessed at: <https://www.osc.ny.gov/files/local-government/publications/pdf/piggybacking-law.pdf>

- Review each proposed procurement to determine (on the advice of the District’s Counsel, as appropriate) whether the procurement falls within the exception.
- Perform a cost-benefit analysis before using the exception.

Furthermore, if the contract specifications allow nonstandardized items (i.e., add-ons) to be included as part of the bid, the Policy states that District officials must evaluate the materiality of the nonstandardized portion to determine whether there is a material effect. If the nonstandardized item amount is greater than \$20,000 or 10 percent of the purchase price, or the total bid amount, the Policy indicates that officials must present the additional items to the Board for approval, along with an explanation as to why the purchase represents the best value for the District. Also, the Policy states that officials should demonstrate how making the purchase will reduce administrative and product costs and increase efficiencies.

In addition, the Policy requires verbal or written quotes for purchase contracts that are below the competitive bidding threshold (Figure 1).

**Figure 1: Purchasing Thresholds**

Purchase Contracts Below \$20,000	
\$0 to \$2,500	At least one verbal quote
\$2,501 to \$10,000	Two to three written quotes
\$10,001 to \$19,999	Three or more written quotes
Public Works Contracts Below \$35,000	
\$0 to \$3,999	No specific procedures
\$4,000 to \$9,999	Three verbal quotes
\$10,000 to \$20,000	Two to three written quotes
\$20,001 to \$34,999	Three or more written quotes

## The Board Did Not Demonstrate Compliance with Competitive Bidding Requirements When Procuring a Ladder Fire Truck

During our audit period, the Board awarded a contract to purchase a ladder fire truck (ladder truck) for \$1.9 million, which included add-ons totaling \$251,351. The ladder truck was expected to be delivered in 2025, and the Board anticipated issuing debt for the purchase. We reviewed the contracts and supporting documentation for this purchase and determined that the Board did not properly award this purchase contract within the piggybacking exception of GML Section 103 (16).

The Board purchased the ladder truck through the use of a GPO contract. Therefore, it did not seek competitive bids for the ladder truck because it concluded that the purchase fell within the piggybacking exception. However, officials did not maintain documentation to show that each of the prerequisites needed for using the exception had been satisfied before the Board awarded the contract.

Also, officials did not maintain written support to demonstrate that they complied with the Policy when the Board awarded the ladder truck contract through the use of the piggybacking exception.

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For example, officials did not provide us with any documentation demonstrating that the Board had performed a cost-benefit analysis before piggybacking on the GPO contract.

Furthermore, the Board provided us with documentation indicating that the total purchase price of \$1,930,294 included add-ons that exceeded 10 percent of the total cost. The ladder truck itself totaled \$1,676,943; add-ons totaled \$251,351, which was 15 percent of the ladder truck's cost; and fees totaled \$2,000.

According to the Policy, when add-ons exceed 10 percent of the purchase price, the Board must approve the add-ons with an explanation as to why the purchase represents the best value for the District. However, District officials could not provide us with documentation or an explanation to support why the purchase of the add-ons represented the best value for the District. Though the Board did not receive this documentation or explanation, it still approved the add-ons.

While not required by the procurement policy, the District also did not maintain an itemized list of the add-ons or a breakdown of the cost of fees. Therefore, we could not determine which features (such as a generator or electric drawer) were included on the ladder truck, or the nature of the \$2,000 in fees. The Fire Chief contacted the ladder truck salesperson and requested a detailed price list for the add-ons. However, the price list provided by the salesperson did not itemize the add-ons that the Board agreed to pay.

The Chairman told us that the District selected the ladder truck because it was the only vendor that offered a truck that would fit under the door of the District's fire house and inside the garage bay. However, the Chairman did not provide us with any documentation to show that the District contacted other manufacturers or vendors to assess whether alternate customized ladder trucks were available to fit the District's needs and building-size constraints.

In addition, the Chairman told us that the Board was advised by the District's attorney to purchase the truck. Although we acknowledge that the Board sought guidance from its legal counsel with respect to whether the piggybacking exception applied, District officials did not maintain any written documentation to support that each of the prerequisites were met before the Board awarded the contract.

When the Board does not seek competition for purchases or document the methods used as an exception to seeking competition, the District has an increased risk that purchases will not be made in the most prudent and economical manner, in the District's best interest, without favoritism, or in compliance with applicable statutes. In addition, because the Board did not obtain supporting details for the ladder truck add-ons before approving the contract, the Board risks approving add-ons that may not be cost-effective or in the best interests of District taxpayers.

## **The Board Did Not Always Procure Goods and Services According to the Policy**

We reviewed 15 purchases, which each cost more than \$2,500 and had a cumulative value of \$452,421, that were not subject to competitive bidding. The purchases included nine totaling \$71,699 for goods and services that each had an original purchase price that was below the bidding threshold and six totaling \$380,722 for professional services (Figure 2). While purchases for professional services

were not subject to GML competitive bidding requirements, we reviewed them to determine whether they complied with the Policy.

**Figure 2: Purchases Reviewed Subject to the District's Procurement Policy**

Goods and Services		Professional Services	
Fire Supplies and Maintenance	\$37,540	Ambulance Services	\$218,024
Building Roof Repair	\$12,500	Accounting and Financial Services	\$65,443
Building and Grounds Maintenance	\$10,825	Legal Services	\$43,860
Technology	\$7,527	Insurance	\$43,777
Security	\$3,307	Length of Service Award Program	
		Administration	\$9,618
<b>Totals</b>			<b>\$380,722</b>
		<b>Grand Total</b>	<b>\$452,421</b>

Quotes – Although the Board was required to obtain quotes before purchasing the nine purchases totaling \$71,699, it did not obtain quotes for six totaling \$41,316 (58 percent). For example, the Board has made purchases from an overhead garage door installation and repair service provider for more than 10 years. Although these purchases required the District to obtain at least two written quotes, the Board did not provide documentation to demonstrate that it obtained quotes to determine whether other companies could have been less costly or provided better services.

The Chairman told us that the Board did not obtain quotes because it relied on the vendor's past performance as the basis for continuing to purchase from the vendor. The Chairman also said that the District obtains quotes for purchases only when a current vendor increases its prices or fees. However, when the Board does not periodically seek quotes, it cannot ensure that the District is receiving the best price or service.

Professional Services – The Policy states that soliciting alternative proposals or quotes for purchases, including professional services, may not always be in the best interests of the District. Therefore, competition may not be necessary when awarding professional service contracts. However, the Policy also indicates that most professional service contracts should be awarded only after at least two professionals are contacted and asked to submit written proposals.

We identified several circumstances where the District did not have documentation to support that officials contacted at least two professionals before the Board awarded a professional service contract. For example, the District has used the services of the same accountant since 2005, to whom the District paid \$19,043 during our audit period. However, officials could not provide us with any documentation demonstrating that they sought written proposals for these accounting services.

In addition, the District used the services of the same attorney for nearly 40 years and the same accounting and financial services provider for at least seven years. Although the Policy specifically exempts these professional services from the requirement that the District obtain written proposals, we recommend that the District intermittently seek competition for these professional service contracts.



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When the Board continuously purchases goods and services from vendors without obtaining quotes as required by the Policy, officials cannot ensure that goods and services are procured in the most prudent and cost-effective manner.

### **How Should Trustees Disclose Their Interests in Contracts?**

GML Article 18 prohibits district officers and employees from having an interest in contracts with the district when they also have the power or duty – either individually or as a board member – to negotiate, prepare, authorize or approve the contract; to authorize or approve payment under the contract; to audit bills or claims under the contract; or to appoint an officer or employee with any of those powers or duties.

A contract includes any claim, account, demand against or agreement with a district. A district officer or employee is deemed to have an interest, among others, in any contract of a corporation of which the officer or employee is a director, officer or employee of the corporation. However, GML Article 18 provides for certain exceptions, including when the contract is with a not-for-profit corporation or other voluntary not-for-profit corporation or association.

Furthermore, although an officer or employee's interest in a contract may not be prohibited, the officer or employee may need to provide written disclosure of their interest. Specifically, GML requires that if an officer or employee, or their spouse, has or acquires an interest in a contract with the district for which the officer or employee works or serves, they must provide written disclosure of their interest to their immediate supervisor and to the district's governing board. The written disclosure must be made part of, and be set forth in the official record of, the proceedings of the board (i.e., the board's meeting minutes).

### **A Trustee Did Not Publicly Disclose an Interest in a Contract When the District Purchased Property From the Department**

In August 2021, the District entered an agreement with an owner of real property intending for the owner to donate certain real property to the District. The real property, which included land and a building adjoining the District, was valued at \$270,000. As a condition of the agreement, the District was responsible for paying the transfer costs (estimated at approximately \$30,000) of the real property to the District, with the remaining \$240,000 to be "forgiven" by the seller as a charitable contribution. However, in October 2021, the District assigned the purchase agreement to the Department, with the intention that the District would purchase the property back after the District's 2022 budget was adopted.

The Chairman told us that the District assigned the agreement to the Department because the District did not have available funds to cover the transfer costs. While the District's 2021 budget did not have funding for the property purchase, District officials could have covered the transfer costs by using fund balance. The Department subsequently spent approximately \$173,000 for the transfer costs and renovations to the building. In August 2023, the Department then sold the real property to the District for \$160,000.



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We reviewed the Board's meeting minutes and other relevant documentation to assess whether any of the Trustees had any interest in contracts with respect to the purchase of the real property. Based on our review, we discovered that one Trustee also served as an officer of the Department at the time of the sale.

As an officer of the Department at the time of the sale, the Trustee had a deemed interest in the contract for the sale of real property between the District and the Department. However, the Trustee's deemed interest would not have been prohibited because the sales contract was with the Department, which is a not-for-profit corporation. Although the Trustee's interest in the contract with the Department was not prohibited, the Trustee did not disclose his deemed interest in the purchase of the real property, as required by GML. The Trustee's failure to disclose his interest in the purchase of the property from the Department, of which he was also an officer, diminishes taxpayer transparency and can raise concerns as to whether transactions made by the District were made in the best interests of the District, or rather in the best interests of the Department.

In addition, there was no indication that the Trustee recused himself from discussions or abstained from voting on the purchase of the property. Although abstention and recusal are not required by GML, in our view, the Trustee should have recused himself from discussions and abstained from voting on these matters to help avoid any appearance of partiality or self-interest.

The Chairman told us the purchase of the property was discussed during the annual Residents and Taxpayers meeting and included in the annual budget, and the budget was approved by the taxpayers. However, the Trustee did not publicly disclose his interest in writing, at the time in which he served as an officer of the Department. Despite the fact that the Department did not appear to realize a monetary gain from the transaction, because the Trustee did not disclose that he was a member to both parties of the transaction, it diminishes taxpayer transparency and can raise concerns as to whether transactions made by the District were made in the District's best interests, or rather in the Department's best interests.

## **What Do We Recommend?**

The Board should:

1. Maintain documentation to support that the District meets required GML prerequisites before using GPO contracts to purchase goods and services.
2. Procure goods and services in accordance with applicable statutes and the Policy and retain relevant supporting documentation.
3. Ensure that District officials properly disclose the nature and extent of any personal interest in contracts with the District.

## Appendix A: Response From District Officials

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### HYDE PARK FIRE AND WATER DISTRICT *Chartered . . . 1860*

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June 26, 2025

Office of the State Comptroller

Division of Local Government and School Accountability

33 Airport Center Drive, Suite 103

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#### **Re: Draft Findings – Audit of the Hyde Park Fire & Water District**

Dear Sir or Madam,

On behalf of the Board of Commissioners of the Hyde Park Fire & Water District, I would like to respond to the draft audit findings.

Regarding the significant price increase for alterations to the new ladder truck, the Board wishes to clarify that this increase was primarily due to inflation and supply chain disruptions caused by the COVID-19 pandemic. When the procurement process began, delays in receiving necessary components stalled the project for an extended period. By the time materials became available, costs had risen substantially.

It is also important to note that the public was kept informed throughout this process. For two consecutive years, taxpayers were advised that the estimated cost of the ladder truck would be approximately \$1.9 million.

Aside from this point of clarification, the Board and the District agree with the findings presented in the draft audit and are committed to working collaboratively to implement the necessary corrective actions.

Sincerely,

**Ramond Davis**

Chairman of the Board

## Appendix B: Audit Methodology and Standards

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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. 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 Trustees and District officials and reviewed the Board's meeting minutes and the Policy to gain an understanding of the District's procurement process.
- We reviewed the District's disbursements data and identified 15 purchases totaling \$452,421, each having a purchase price of \$2,500 or more, that the District should have used competitive process to procure (e.g., quotes, proposals and bids). We also reviewed the Board's meeting minutes and identified a contract that the Board approved to purchase a ladder truck totaling \$1,930,294. We reviewed the purchases and ladder truck contract to determine whether District officials sought competition when procuring goods and services as required by the Policy and GML. We discussed our findings with the former purchasing agent and current District Secretary and Chairman to determine why officials did not seek competition for these procurements.
- We reviewed the Board's meeting minutes, contracts and financial records related to the District's property purchase from the Department to determine whether the Trustees properly disclosed their interests in the contract. We also visited the property to observe the renovation work completed by the Department. Lastly, we reviewed the renovation expenditures to determine the total property renovation expenses in comparison to the purchase price.
- We reviewed conflict of interest forms completed by District officials to determine whether any conflicts were publicly disclosed when the District purchased the property from the Department.

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. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law. 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 in the District Secretary's office.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf](http://www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf)

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

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

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

[www.osc.ny.gov/local-government/fiscal-monitoring](http://www.osc.ny.gov/local-government/fiscal-monitoring)

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

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

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

[www.osc.ny.gov/local-government/resources/planning-resources](http://www.osc.ny.gov/local-government/resources/planning-resources)

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

[www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf](http://www.osc.ny.gov/files/local-government/publications/pdf/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.ny.gov/local-government/required-reporting](http://www.osc.ny.gov/local-government/required-reporting)

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

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

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

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