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December 2025

James Wright, Chairman
Members of the Board of Fire Commissioners
Montauk Fire District
12 Flamingo Ave
Montauk, NY 11954

Report Number: 2024M-117-F

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

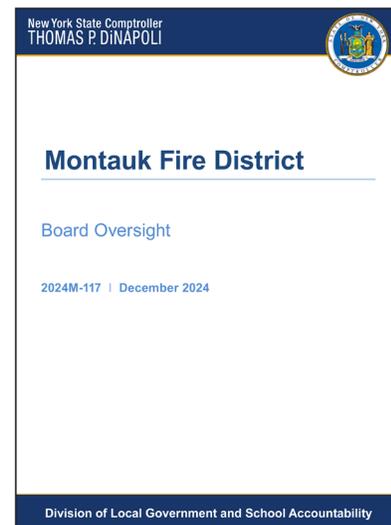
One of the Office of the State Comptroller's (OSC) primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. The Office also works to develop and promote short-term and long-term 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 Montauk Fire District (District) to determine whether the Board of Fire Commissioners (Board) monitored financial activities and ensured appropriate records and reports were maintained and/or audited to comply with statutory requirements. The Board consists of five members (Commissioners) including one who serves as Chairman.

As a result of our audit, we issued a report, dated December 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 March 2025. 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 October 8, 2025. Our follow-up review was limited to interviews with Commissioners and the

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



<https://www.osc.ny.gov/files/local-government/audits/2024/pdf/montauk-fire-district-2024-117.pdf>

District's Secretary-Deputy Treasurer (Secretary), inspection of certain documents related to the issues identified in our report and a review of the District's CAP.¹

Based on our limited procedures, the District has partially implemented all four recommendations. Until all recommendations are fully implemented, the Board cannot ensure District assets are fully safeguarded.

Recommendation 1 – Annual External Audit

The Board should ensure an annual external audit of the District's financial and length of service award program (LOSAP)² records is performed.

Status of Corrective Action: Partially Implemented

Corrective Action Plan: The District's CAP stated that the Board had contacted a certified public accounting firm (CPA firm), to provide the annual audit for both the District's financial and LOSAP records.

Observations/Findings: Our audit determined that the Board had last obtained an external annual audit of the District's financial and LOSAP records for fiscal year 2019. As of the date of our follow-up review in October 2025, the Board had contracted with a CPA firm that completed the audits for fiscal years 2020 and 2021. However, the audits for fiscal years 2022 through 2024 were not completed. Three Commissioners and the Secretary told us that the audits were being completed in chronological order, and they should be caught up in time to complete the 2025 fiscal year audit in a timely manner.

In the absence of an annual audit, there is no independent verification that transactions were properly recorded and funds were properly accounted for, diminishing the Board's ability to assess financial operations.

Recommendation 2 – Annual Financial Report Filing

The Board should ensure the Secretary-Treasurer prepares and files the District's delinquent annual financial reports (AFRs) for the 2021 through 2023 fiscal years, and files all subsequent AFRs with OSC within 60 days of the close of the fiscal year.

Status of Corrective Action: Partially Implemented

Corrective Action Plan: The District's CAP stated that the Board "...[H]as separated the duties of Secretary and Treasurer. The new Treasurer is an experienced CPA who has served as the Treasurer for multiple fire districts. His 20 years of experience will enable the District to file the overdue AFRs on a timely basis and bring the past due AFRs up to date. He will also provide the currently due 2025 AFR within the allotted 60-day time frame as required."

¹See Appendix A for the District's CAP to the OSC audit report.

² LOSAP is a "pension-like" program intended to assist emergency service organizations, such as districts, in recruiting and retaining volunteers. The program offers "pension-like" financial awards to volunteers based on the number of years they have served as an active volunteer.

Observations/Findings: In our audit, we determined that District officials filed the AFR for the 2020 fiscal year 1,179 days late and filed the AFRs for the 2021 through 2023 fiscal years between 153 and 883 days late as of July 31, 2024. Since we issued our report, the District filed the past due AFRs for fiscal years 2021 and 2022 but did not file for fiscal year 2023. In addition, as of the date of our follow-up review in October 2025, the fiscal year 2024 AFR was 221 days late.

According to three Commissioners and the Secretary, they are waiting for the CPA firm to complete the external annual audits before they file the respective AFRs (See Recommendation 2) and plan to have the past due AFRs filed with enough time to file the fiscal year 2025 AFR by the due date.

When AFRs are filed late, the ability of the Board and other interested parties, such as OSC and taxpayers, to assess the District's financial condition is diminished.

Recommendation 3 – Board Authorized Compensation

The Board should routinely review the Secretary-Treasurer's work, including payroll, to ensure that only Board authorized compensation is paid to District employees.

Status of Corrective Action: Partially Implemented

Corrective Action Plan: The District's CAP stated that overtime payments would require written approval by a Commissioner and the written record of approval would be kept on file. Additionally, the CAP stated that the Board implemented a new agreement regarding longevity payments.

Observations/Findings: On December 10, 2024, the Board adopted a revised longevity payment program that established a schedule of payment amounts for full-time District employees based on the employees' years of service with the District. The Board also developed overtime procedures, requiring a Commissioner to approve overtime in writing through an email with a copy to the Secretary. In addition, a Commissioner reviews and certifies each payroll before it is processed.

We reviewed longevity payments made to three full-time employees in December 2024, totaling \$3,000, and determined that the payments were made in accordance with the terms of the Board's longevity payment program, and a Commissioner reviewed and certified the respective payrolls. We also reviewed overtime payments made in July and August 2025 consisting of five instances of overtime by three full-time employees totaling \$2,944. In one of the five instances, totaling \$1,016, there was no email or other written record of Commissioner approval.

One Commissioner and the Secretary told us that in this instance the overtime was needed to provide coverage for a custodian who was hospitalized. However, a Commissioner could not be reached by email, so a Commissioner was contacted by phone and verbally approved the overtime. The Secretary told us that having to reach a Commissioner by phone rather than email is not uncommon.

To ensure that all overtime is properly authorized and documented by Commissioners, including when it is made verbally, alternative procedures should be developed. For example, when a Commissioner verbally approves overtime, he or she could follow up with an email to the Secretary confirming the overtime was approved.

Recommendation 4 – LOSAP Point System

The Board should work with the District’s legal counsel to review and amend the LOSAP point system (point system),³ as necessary, to ensure conformity with General Municipal Law (GML).

Status of Corrective Action: Partially Implemented

Corrective Action Plan: The District’s CAP stated that the Board would amend the point system with the following:

- Fire calls, and emergency rescue and ambulance calls would be separate categories of calls, and members could earn 25 points in each category.
- Call percentages required to qualify for 25 points would be amended based on GML and the audit report.
- Members earn one point per miscellaneous activity, regardless of the length of time of the activity.

Observations/Findings: The Board amended the District’s point system in July 2025 to address some of the concerns raised in our audit. The amended point system, in accordance with GML, offers:

- A maximum of 50 points that members could earn for responding to a minimum number of both fire and ambulance calls (25 points for each category).
- Awards the points to members who respond to a minimum of 7.5 percent of ambulance calls, (reduced from 9 percent), when responding to between 500 and 1,000 calls during the program year.

However, the CAP and the amended point system did not address other issues raised in our audit report including awarding points for training courses, meetings and drills, or defining the miscellaneous activities for which they would award points.

While it is not required for the District to offer the maximum number of points permitted by GML, the point system could award additional points for:

- Training courses lasting more than 20 hours,
- Attending meetings and drills to a maximum of 20 points instead of only eight points, and
- Miscellaneous activities to a maximum of 15 points instead of a maximum of 11.

³ To receive yearly service credit, fire district volunteer members must accumulate a certain number of “points” which are earned by participating in different activities.

Three Commissioners told us that the Board did not amend the point system to award the maximum points allowed by GML because they wanted to encourage members to participate in a variety of activities throughout the year. They felt members who met their annual points requirement early in the year may not participate in District calls and other activities the rest of the year. However, increasing the number of points may lead to an increase in membership.

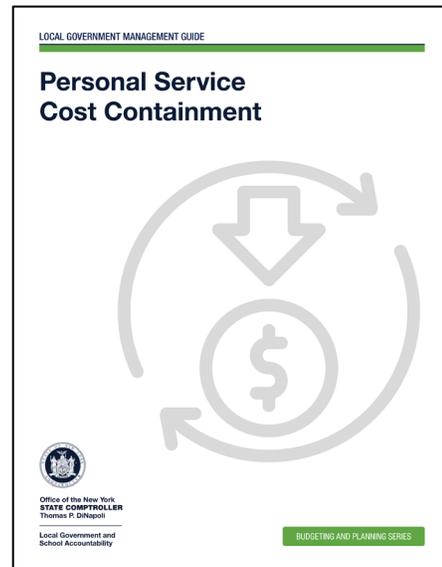
In addition, although the Board amended the point system to limit the number of points awarded for miscellaneous activities to one point regardless of the length of time, one Commissioner and the Treasurer told us that the District continues to award multiple points for certain miscellaneous activities, such as fundraising, when the activity lasts more than two hours. This Commissioner and the Treasurer also told us that they interpreted GML to allow for awarding multiple points and that members are deserving of the additional points because they are giving up their personal time to perform activities for the benefit of the District and the community. However, if it is the Board's intention to award multiple points if an activity is greater than two hours, the Board should include these provisions in the District's point system to ensure points are awarded equitably.

By adopting a point system that awards members points that is not consistent with GML, the Board risks awarding LOSAP service credit inappropriately.

During our review, we discussed the basis for our recommendations and the operational considerations relating to these issues. We encourage District officials to continue their efforts to fully implement our recommended improvements. For additional information, District officials should refer to guidance available on the Office of the State Comptroller's web page, including our publication *Local Government Management Guide: Personal Service Cost Containment* (Figure 2).

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.

Figure 2: *Personal Service Cost Containment*



<https://www.osc.ny.gov/files/local-government/publications/pdf/costcontainment08.pdf>

Sincerely,

Robin L. Lois, CPA
Deputy Comptroller

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

Montauk Fire District
12 Flamingo Avenue · Montauk, NY 11954
631-668-5695 · Fax 631-668-4112
info@montaukfiredistrict.org

Richard Schoen
Chairman

Daton E. Lucas
Secretary/Treasurer

March 3, 2025

Office of the New York State Comptroller
Division of Local Government & School Accountability
PSU- CAP Submission
110 State Street, 12th Floor
Albany, NY 12236

Unit Name: Montauk Fire District
Audit Report Title: Board Oversight
Audit Report Number: 2024M-117/December 2024

To Whom it May Concern:

In response to the New York State Comptrollers Board Oversight, 2024M-117, December 2024, the Montauk Board of Fire Commissioners offers the following response;

1- Ensure an external audit of the Districts financial and LOSAP records is performed annually.

A- The district's Board has contacted a CPA firm, who will provide both the annual Audit of the District financial and the LOSAP records.

2- Ensure the Secretary-Treasurer prepares and files the Districts delinquent AFRs and files all subsequent AFRs with the Office of the New York State Comptroller (OCS) withing 60 days of the close of the fiscal years.

A- The District Board has separated the duties of Secretary and Treasurer. The new Treasurer is an experienced CPA who has served as the Treasurer for multiple Fire Districts. His 20 years of experience will enable the district to file the over due AFRs on a timely basis and bring the past due AFRs up to date. He will also provide the currently due 2025 AFR within the allotted 60 day time frame as required.

3- Employees received longevity and overtime payments totaling \$25,000 in 2023 that were not authorized by the Board.

Board of Fire Commissioners
John Mark · Charles “Chip” McLean · William R. Pitts · Richard Schoen · James Wright

A- The Board has implemented oversight regarding overtime payments. Henceforth no overtime will be paid unless written approval has been given by a Board Commissioner. The written record of approval will be kept on file.

B- The longevity payment agreement formally in effect has been eliminated and a new agreement has been formulated and put into effect.

4- Review and amend the LOSAP point system, as necessary to ensure conformity with GML.

A- The Districts long standing policy regarding LOSAP points has been updated to reflect the OCS recommendation. There will now be separate categories of calls, Fire Calls and Emergency Rescue and Ambulance calls. Members will now be allowed to earn 25 points in each category.

B- Call percentages required to qualify for 25 points will now be based on GML and state suggested numbers. 0-500 calls require 10% response, 500-1000 require a 7 1/2% response.

C- Miscellaneous points: 1 point per activity will be given regardless of length of time the activity requires.

James Wright the current Board Chairman, will oversee the implementation of the corrective action plan and report to the Board on a periodic basis on the accomplishment of each task called for in the plan. Implementation of the plan will remain a task for the entire Board and the Treasurer.

Sincerely,



Chairman Board of Fire Commissioners

3/5/2025

Date