

Roosevelt Fire District

Length of Service Award Program

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Report Highlights

Roosevelt Fire District

Audit Objective

Determine whether the Roosevelt Fire District (District) Board of Fire Commissioners (Board) properly monitored the District’s length of service award program (LOSAP).

Key Findings

The Board did not effectively monitor all aspects of the District’s LOSAP. Specifically, the Board did not ensure that the LOSAP was annually audited in accordance with New York State General Municipal Law (GML) Section 181-b, or in the alternative, ensure LOSAP disclosure notes were included in the District’s annual audit.

During the audit period, the value of the District’s LOSAP assets declined. As a result, the District’s annual contributions to the LOSAP had to steadily increase to ensure that there were enough assets to cover all benefits paid to the LOSAP participants and beneficiaries.

By obtaining an annual LOSAP audit or alternatively ensuring LOSAP disclosure notes in a timely manner, the Board increases its ability to thoroughly monitor the LOSAP. Prudent management of LOSAP assets can help minimize costs to taxpayers, as well as protect the “pension-like” benefits earned by the volunteers. Given that most LOSAP plans require investment and actuarial expertise, it remains important that the plans be reviewed by the Board, as part of the annual audit process, to help protect the benefits earned by the volunteers for service to their communities.

The Board also could not demonstrate that the procurement of LOSAP investment management services was made in accordance with the District’s procurement policy.

Key Recommendations

- Ensure that the District obtains an annual audit of the LOSAP, or in the alternative, include LOSAP disclosure notes in the District’s annual audit.
- Comply with the District’s procurement policies and procedures when seeking to contract for LOSAP investment management services.

District officials agreed with our recommendations and have initiated or indicated they plan to initiate corrective action.

Audit Period

January 1, 2023 – March 28, 2024.

We extended our audit scope back to January 1, 2019 to review annual audit reports and analyze the District’s LOSAP assets and investment performance.

Background

The District provides fire protection and emergency services to the Town of Hyde Park in Dutchess County.

An elected five-member Board is responsible for the District’s overall financial management, including oversight of the LOSAP, ensuring it aligns with regulations and meets the District’s goals. The District Secretary maintains all LOSAP documentation, records volunteer service points, and ensures compliance with filings and reporting requirements.

The third-party administrator handles day-to-day LOSAP administration, such as managing participant records, calculating benefits and preparing necessary reports for the Board. The investment manager is tasked with managing LOSAP funds, including selecting and monitoring the performance of investments, and advising the Board to ensure that the LOSAP remains financially sound.

Refer to Appendix A for further information on LOSAP.

Quick Facts	
Volunteers	151
LOSAP Members	139
2023 LOSAP Assets	\$3.4 million
2023 Benefits Paid	\$276,131
2024 LOSAP Contributions	\$299,441

Length of Service Award Program

How Are LOSAP Assets Effectively Monitored?

Effective monitoring of the LOSAP assets by the board is essential for ensuring the LOSAP's financial stability. Regular monitoring of investment performance is crucial to helping ensure that the LOSAP's assets are managed prudently and in alignment with its long-term goals. This may include reviewing, in consultation with the District's LOSAP investment manager, asset allocation, risk management strategies and performance benchmarks. A LOSAP's financial health is often measured by the funded ratio, which compares the plan's assets to its liabilities. For example, a funded ratio of 100 percent would be an indication that the plan has enough assets to cover all promised benefits.

The board, or its designated program administrator, is also required pursuant to NYS GML Section 219-a to obtain an annual audit of the LOSAP. The annual audit is to thoroughly examine the LOSAP's financial condition, actuarial assumptions, fiduciary investments, and asset allocations to assess whether current assets are adequate to fund future liabilities.¹ Alternatively, the district may elect to include detailed disclosure notes of the LOSAP in the district's annual audit.²

If an annual audit of the LOSAP is conducted, a copy of the annual audit must be presented to the program sponsor and the State Comptroller, and made available for public inspection and copying. Completing the audit within 270 days of the program sponsor's fiscal year-end helps ensure timely monitoring of the LOSAP and, when appropriate, allows for prompt corrective action by the board. Furthermore, although competitive bidding pursuant to NYS GML Section 103 is not required when a board obtains investment management services, the board should procure such services in accordance with its own procurement policy and procedures. This helps to ensure that the selection process is transparent and aligned with the best interest of the district and its taxpayers.

The Board Did Not Ensure that Annual LOSAP Audits or Disclosure Notes Were Completed In a Timely Manner

The Board did not effectively manage LOSAP assets because it did not ensure that annual audits of the District's LOSAP were completed, or in the alternative, LOSAP disclosure notes were included in the District's annual audit. For instance, during the course of the past five years (i.e., 2019 to 2024), only the 2020 audit of the District was completed in a timely manner. The District's 2019 annual audit was 236 days late. The District's 2021 annual audit was 523 days late, and the 2022 and 2023 annual District audits have yet to be completed. The Treasurer told us that the 2022 and 2023 audits were not completed due to errors with the District's fixed assets valuation. As a result, the Board was unable to monitor the financial viability of the LOSAP.

¹ See, New York State GML Section 219-a(3).

² See, GML Section 181-b, which requires fire districts with revenue of \$400,000 or more to obtain an annual audit of its records by an independent certified public accountant or an independent public accountant. The report shall be presented to the board of fire commissioners, with a copy of the audit report provided to town boards served by the district and the State Comptroller within 180 days following the end of the fiscal year audited.

During this time, the LOSAP's funded ratio declined from 92 percent to 77 percent, primarily due to LOSAP investments losses. For example, in 2022, the District's Administrator, as the actuary for the LOSAP, used a projected rate of return on investments of 5 percent. However, the District's LOSAP investments realized a 13 percent loss totaling \$511,180 (Figure 1).

This resulted in an increase in the LOSAP's unfunded liability. The unfunded liability, which represents the gap between the plan's obligations and its assets, increased from \$315,766 in 2019 to \$1 million by the end of 2023 (216 percent).

As such, the District's annual contributions to the LOSAP steadily increased to ensure that the plan had enough assets to cover all promised benefits. For example, between 2019 and 2024, the District's annual contributions to the LOSAP increased 30 percent from \$229,000 in 2019 to \$299,441 in 2024. In 2024, \$123,546 of the LOSAP contributions made by the District (41 percent) were allocated to address the unfunded liability³ (Figure 2).

FIGURE 1

Projected vs. Actual Rate of Return

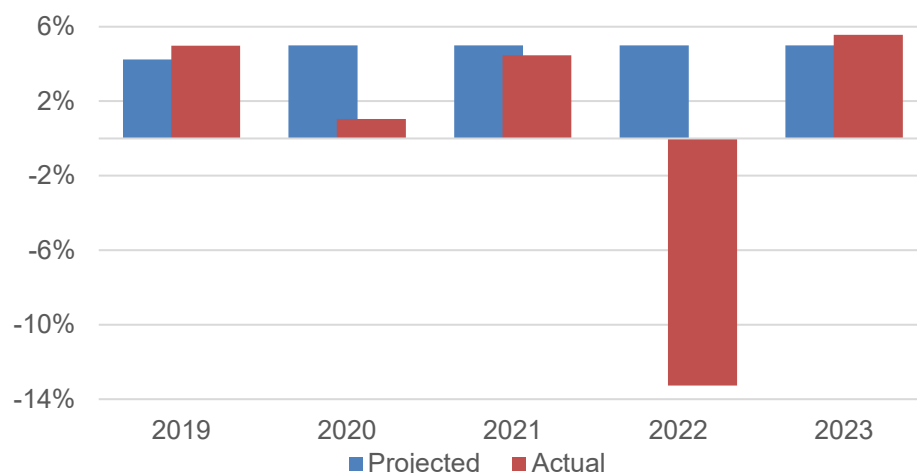
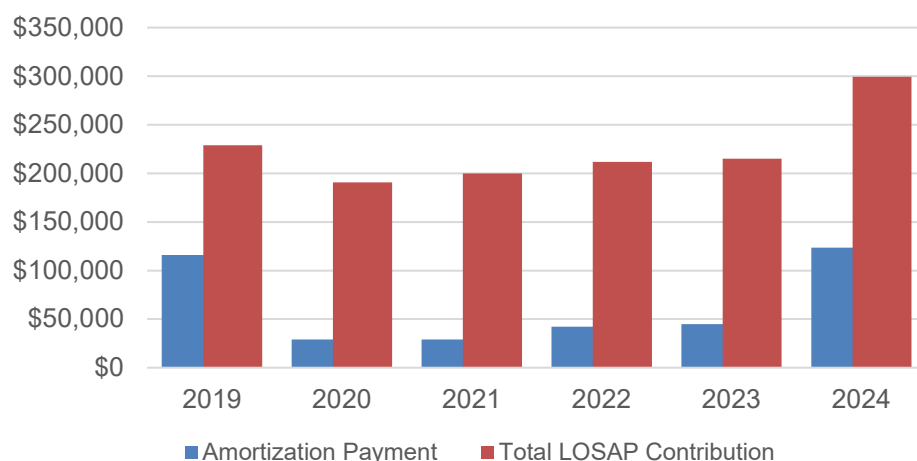


FIGURE 2

LOSAP Contributions



³ For purposes of this report, an "unfunded liability" in a defined benefit plan is the gap between promised benefits and available assets. Amortization payments help reduce this shortfall over time by spreading out contributions and ensuring that sufficient funds are available to pay out benefits when employees retire.

Although the failure of the Board to ensure annual audits of the District's LOSAP were completed, or in the alternative, LOSAP disclosure notes were provided in the District's annual audit, would not have impacted the investment performance of the LOSAP, the Board still has a responsibility to diligently monitor the LOSAP. Ensuring that the District obtains an annual LOSAP audit, or alternatively ensuring LOSAP disclosure notes are timely provided in the District's annual audit, helps the Board's ability to monitor the financial viability of the LOSAP. Prudent management of LOSAP assets can help minimize costs to taxpayers, as well as protect the "pension-like" benefits earned by the volunteers. Given that most LOSAP plans require investment and actuarial expertise, it remains important that the plans be reviewed by the Board, as part of the annual audit process, to help protect the benefits earned by the volunteers for service to their communities.

The Board Did Not Demonstrate Compliance with Its Procurement Policy When Seeking Investment Management Services

The Board did not ensure that the procurement of LOSAP investment management services was made in accordance with the District's procurement policy. Specifically, the Board did not seek any type of competition before selecting the LOSAP investment manager. Although the District's procurement policy did not require competitive procurement for investment management services, the policy does require that the Board prioritize certain qualifications such as accountability, skill, education, training and integrity over the lowest price. However, the Board could not provide any documentation or other support to suggest that qualifications such as accountability, skill, education, training and integrity, were prioritized by the Board when selecting the District's LOSAP investment manager. Instead, we determined that the District selected the investment manager based on a "cold call" or someone making an unsolicited call in person, in an attempt to sell services.

After we inquired about the investment manager selection process, the Board ended their relationship with the investment manager and engaged investment management services from another firm following the procurement policy requirements. When the Board does not demonstrate compliance with the District's procurement policy, there is less assurance that the selection process for investment management services is transparent and aligned with the best interest of the District and its taxpayers.

How Should LOSAP Points Be Properly Administered?

LOSAP points must be granted in accordance with NYS GML Section 217 and a system adopted by the LOSAP sponsor. Fire districts that sponsor a LOSAP are required to adopt standards and procedures for administering their LOSAP. Each fire company is responsible for maintaining records of volunteers' point accumulations. Fire district boards should ensure that complete and accurate records of the volunteers' activities under the point system are prepared and maintained in accordance with the governing boards' standards and procedures.

According to GML Section 217, one year of firefighting service must be credited under a LOSAP for each calendar year after the establishment of the program in which an active volunteer accumulates at least 50 points.

The District's LOSAP Points Were Properly Administered

To determine whether the LOSAP points were properly administered and awarded to volunteers, we randomly selected 10 of the 85 LOSAP participants that were awarded more than 50 points in 2023 to verify they met the eligibility criteria for points earned. We determined that District officials properly administered LOSAP points in accordance with GML for the sample of volunteers reviewed. By properly administering the points, District officials helped ensure that volunteers received the benefits they were entitled to under the LOSAP.

What Do We Recommend?

The Board should:

1. Ensure that the District obtains an annual audit of the LOSAP, or in the alternative, ensure LOSAP disclosure notes are included in the District's annual audit.
2. Comply with the District's procurement policies and procedures when seeking to award the LOSAP investment management services.

Appendix A: Basic Understanding of LOSAP

LOSAP is a “pension-like” benefit program designed to help recruit and retain volunteer firefighters by rewarding volunteers for providing firefighting service. Pursuant to New York State General Municipal Law (GML), the “pension-like” benefit may be structured by the sponsor of the program as a defined benefit or a defined contribution plan.

For example, to be eligible to receive the “pension-like” benefit, volunteer firefighters earn points for participating in firefighting activities, such as responding to fire calls, attending training session and performing certain station duties. If the volunteer, during the course of a calendar year, earns a minimum of 50 points, that individual receives credit for a year of firefighting service. The point structure is set forth in GML and adopted by the sponsor of the program. As the volunteer firefighter accumulates credited years of firefighting service, their monthly “pension-like” benefit increases, up to a maximum determined by the program. In the case of a defined benefit LOSAP, the volunteer firefighter, if eligible for the “pension like” benefit, receives a fixed and predictable payment each month, based on their years of service and the program’s benefit formula.

The cost of LOSAP is typically funded by the sponsor, which in this case would be the fire district, through annual contributions to an investment account. These contributions, combined with investment returns, are used to pay the benefits. Program costs can vary depending on the number of participants, the benefit levels and the performance of investments. In some cases, if the program is underfunded due to poor investment returns or increasing liabilities, the fire district may need to make additional contributions to ensure benefits can be paid.

LOSAP serves as a valuable tool of recognizing and supporting the efforts of volunteer firefighters while providing a modest but meaningful “pension-like” benefit as a token of appreciation for their service and dedication.

Appendix B: Response From District Officials



Roosevelt Fire District

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HYDE PARK NEW YORK

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James Latainer, Chief of Municipal Audits
NYS Office of the State Comptroller
Newburgh Regional Office
33 Airport Center Drive, Suite 102
New Windsor, NY 12553

June 30, 2025

Dear Mr. Latainer:

We have reviewed the findings and recommendations outlined in the recent Length of Service Award Program Report of Examination. We would like to thank you for your professionalism and courteousness during the audit process. Your staff were easy to work with and understanding of the time constraints our staff face as a small fire district. The Roosevelt Fire District acknowledges the areas identified for improvement, as well as the recommendations from the examination.


In regard to your recommendation to obtain an annual audit of LOSAP or ensure LOSAP disclosure notes are included in the District's annual audit, we will continue to have our annual audit include the LOSAP disclosure notes and we will place additional emphasis on our vendor that the annual audit is completed in a timely manner. The District is currently in the process of sending out an RFP for audit services and will include stipulations on the completion times in the next agreement.

The final recommendation was to comply with the District's procurement policies and procedures when awarding the LOSAP investment management services. We would like to emphasize that this procurement was for a previous vendor no longer utilized by the District. Furthermore, we would like to emphasize that prior to your office contacting the District to begin your risk assessment, the District started to look at alternative investment managers. We have since contracted with a different investment firm and followed our procurement policy, as confirmed by your audit.

The District would like to emphasize that the evaluation of the LOSAP program funding levels during this period is rather unique, as the Roosevelt Fire District consolidated with another Fire District in 2018. An unforeseen situation that is worth noting for future Districts looking at consolidation is the immediate costs to a LOSAP program based on another agency not having a program, the length of service of such members, and whether such members have already met the age for payment of benefits.

Finally, we would like to thank you for your acknowledgement of proper management of the LOSAP program and that your audit found that the administration of service points is properly executed.

The Roosevelt Fire District remains dedicated to maintaining the highest standards of financial management and accountability. We look forward to continuing our work together to ensure the financial health and operational efficiency of the Roosevelt Fire District.

Sincerely, 

Dewitt Sagendorph, Chairman
Roosevelt Fire District

Appendix C: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. 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 to gain an understanding of the Board's oversight of the LOSAP and controls over LOSAP assets and the process for administering the points awarded to volunteers.
- We obtained copies of the annual LOSAP audit reports for the audit period and reviewed the dates of the reports and Board minutes to determine whether annual LOSAP audit reports were completed in a timely manner.
- We analyzed whether the investment manager's contract terms served the District's best interests in terms of costs, performance, risk management and service quality.
- We prepared a five-year trend analysis of the audited entities' LOSAP investment performance by examining the funded ratio, investment manager fees, unfunded liability, amortization payments and reporting requirements.
- We randomly selected 10 of the 85 LOSAP volunteers that received more than 50 points in 2023 to determine whether they met the eligibility criteria for points earned. We verified the accuracy of points awarded for each member by comparing the annual LOSAP points awarded against service/training records and LOSAP guidelines.
- We obtained copies of the annual LOSAP membership lists submitted to the Board by each volunteer fire company. We examined Board meeting minutes for the audit period to identify meetings where the approval and certification of LOSAP membership lists were discussed and approved.
- We compared the annual LOSAP membership lists submitted by each volunteer fire company with the lists approved and certified by the Board to determine whether that each member listed on the submitted lists was included in the approved and certified lists.
- For each LOSAP member awarded points during 2023, we confirmed whether the LOSAP points awarded for incident responses were properly calculated by verifying the proper percentages were applied to the total responses in accordance with GML.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable,

information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. Pursuant to Section 181-b of New York State Town Law, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and forwarded to our office within 90 days. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review.

Appendix D: Resources and Services

Regional Office Directory

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

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

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

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

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www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf

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