New York State Comptroller
THOMAS P. DiNAPOLI

Big Indian-Oliverea Fire District

Board Oversight

September 2026 | 2026M-28

Prepared by the Division of Local Government and School Accountability

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Audit Results

Big Indian-Oliverea Fire District

Audit Objective

Did the Big Indian-Oliverea Fire District (District) Board of Fire Commissioners (Board) provide adequate oversight of the District's financial operations?

Audit Period

January 1, 2024 – April 3, 2025.

We extended the audit period back to January 1, 2020, to analyze various financial trends and the timeliness of Annual Financial Report (AFR) submissions.

Understanding the Audit Area

A board of fire commissioners, responsible for managing and controlling a fire district's financial operations, must provide adequate oversight of financial operations to ensure public funds are managed with accountability, transparency and integrity. This critical function can help maintain public trust, ensure legal compliance, and protect public resources from mismanagement, waste and fraud.

The District's budgeted appropriations for fiscal year 2024 totaled approximately $123,000, and the general and capital reserve fund balances totaled approximately $780,000 as of December 31, 2024. The District Treasurer (Treasurer) paid 60 claims totaling $96,742 during the audit period. The District had 16 LOSAP participants in 2024.

Audit Summary

The Board did not provide adequate oversight of the District's financial operations. As a result, the Board hindered its ability to make informed financial decisions and cannot ensure taxpayers and other interested parties that the District's financial activities are adequately reported and accounted for and that funds are used in the most fiscally responsible manner.

We identified deficiencies in the Board's policies, budgeting practices, claims auditing, Length of Service Award Program (LOSAP) administration, AFR filings and compliance with training requirements. For example, the Board did not:

- Ensure all Commissioners completed training within 270 days of their first day in office as required by New York State Town Law (Town Law) Section 176-e. This training is intended to help ensure fire district commissioners have the knowledge needed to fulfill their statutory, fiscal, procurement and ethical responsibilities and help provide effective oversight of district operations and public resources.
- Adopt adequate policies for:
  - Capital Plans
  - Claims auditing
  - Fund balance
  - LOSAP, and
  - Multiyear Financial Plans
- Prepare annual budgets that conform with statutory requirements.

- Ensure adequate accounting records were maintained or file the District's AFR according to statutory requirements.
- Properly audit 100 percent of the claims we reviewed totaling $54,022 prior to payment.
- Properly administer LOSAP.

The report includes 11 recommendations to strengthen the Board's oversight, improve accountability and the District's financial management practices. Although District officials generally agreed with our recommendations and indicated they planned to take corrective action, they disagreed with certain aspects of our findings. Appendix C includes our comments on issues raised in the District's response.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the Office of the New York State Comptroller's (OSC) authority as set forth in Article 3 of the New York State General Municipal Law (GML). Our methodology and standards are included in Appendix D.

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

A board of fire commissioners is responsible for the overall management and adequate oversight of a fire district's operations. Adequate oversight includes adopting required policies, preparing written financial plans, adopting reasonable budgets, completing training in a timely manner, properly auditing claims, administering its LOSAP, annually auditing a fire district treasurer's records and ensuring that AFRs are filed in a timely manner.

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

Finding 1 – The Board did not provide adequate oversight of the District's financial operations.

The Board adopted the required code of ethics, investment, and procurement policies, other financial policies for travel and conferences and credit card use, and performed an annual audit.[1] However, the Board did not develop realistic budgets or a fund balance policy and multiyear financial and capital plans to transparently convey to taxpayers the District's budgetary needs. The Board also did not ensure the Treasurer maintained adequate accounting records or filed the AFRs in a timely manner.

Policies and Multiyear Plans – The Board did not develop or adopt a fund balance policy or financial plans outlining a reasonable level of fund balance to maintain or the funding and use of reserves. Board members were unaware that a fund balance policy should be written and established. Because the Board does not have a policy or plan on how the surplus fund balance should be used, it is difficult for the Board to demonstrate to taxpayers that the budgeted tax levy of $122,660 for 2024 was not greater than necessary to meet the District's needs.

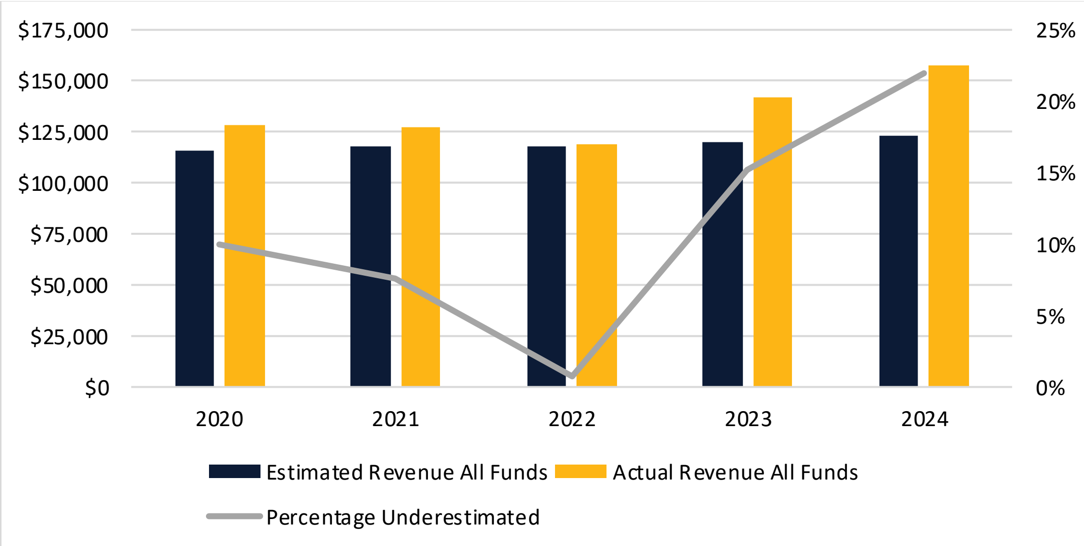
The Board also did not develop written multiyear financial or capital plans. The Board budgeted and transferred $45,000 from the general fund to the capital fund reserve each fiscal year from 2020 through 2024. The District's capital reserve fund balance as of December 31, 2024 was $677,997 and had increased by $231,329 (52 percent) over the course of the audit period. While the Vice Chairman of the Board (Vice Chairman) told us the District intended to use the fire apparatus-type reserve to save for future fire truck and equipment purchases, the District has not established a formal multiyear financial or a capital plan. Board members were unaware that the District's reserve policy and capital plans should be documented and approved.

Without adequate financial and capital planning, District officials are limited in their ability to set long-term priorities and work toward goals. Furthermore, the Board is not transparent in how it communicates and justifies its financial decisions.

Fund Balance is Increasing – We compared estimated revenues and appropriations with actual operating results for 2020 through 2024 and determined that while estimated appropriations were generally realistic based on the prior year's results, the Board underestimated interest earnings revenue by an average of $15,903 annually (11 percent) in the general and capital funds (Figure 1).

1 We also reviewed the Board's annual audit procedures and minor exceptions were verbally communicated to District officials.

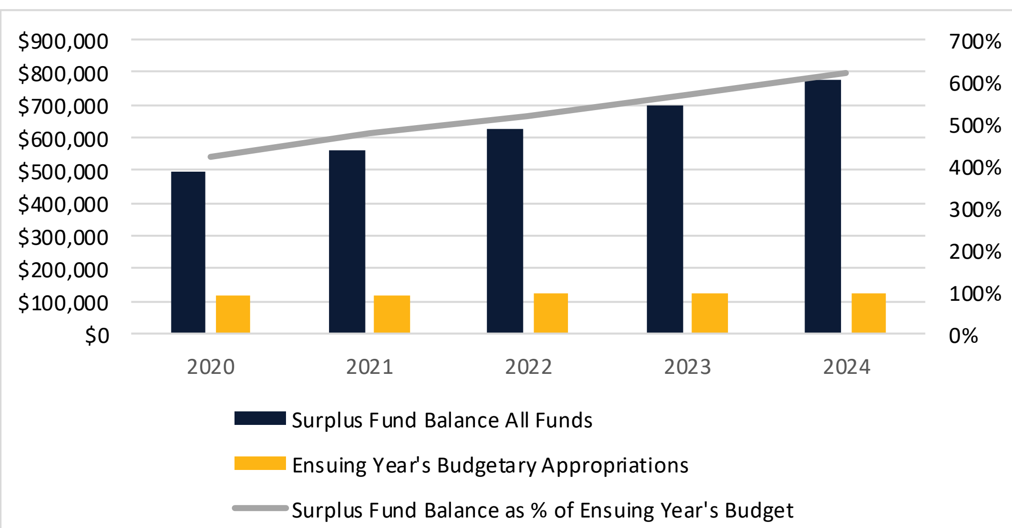
Figure 1: Revenue All Funds: Estimated Budget Compared to Actual



Specifically, the Board underestimated general fund revenues by an average of $5,365 annually (4 percent) and capital fund revenues by an average of $10,538 annually (100 percent). These variances were mostly attributed to the Board, not including the capital reserve's interest and earnings revenue estimate as a line item in the budget.

Because the Board underestimated revenues, the District generated operating surpluses (revenues exceeded expenditures) of $18,655 (15 percent) and $42,578 (37 percent) in fiscal years 2023 and 2024, respectively. These operating surpluses increased general fund surplus fund balance to $101,754 as of fiscal year-end 2024. In addition, these operating surpluses coupled with transfers to the capital fund from the general fund and the lack of a fund balance policy and multiyear financial or capital plans caused the capital reserve fund to increase to $677,997 as of fiscal year-end 2024. The District's surplus general fund balance averaged 66 percent of the next year's budgeted appropriations from 2020 through 2024 (Figure 2).

Figure 2: Surplus Fund Balance All Funds Compared to Ensuing Year's Budgeted Appropriations



Budget Form and Reports – The Board did not prepare the required annual budget form prescribed by Town Law Sections 105 and 107.[2] The Board did not develop an adequate budget because it did not include proposed appropriations and estimated revenues according to account classification, as prescribed by OSC, which require using account codes for named accounts. The Board also did not show the estimated fund balances with a breakdown of fund balance estimated for encumbrances; amounts appropriated for the ensuing fiscal year's budget; amounts reserved for stated purposes, including established reserve funds, and the remaining estimated unappropriated unreserved fund balance for each fund. According to the Vice Chairman, the Board was not aware of the budget form requirements outlined in Town Law Sections 105 and 107.

The Board also did not ensure that the Treasurer maintained complete accounting records, including budgetary data, and provided monthly budget-to-actual reports showing the original and modified budget, actual expenditures and revenues, budget variances or monthly written Treasurer reports. Although the Treasurer used accounting software to maintain the District's financial records, the Treasurer only provided the Board with bank statements and bank reconciliations. According to the Treasurer, they were not trained on how to use the accounting software and relied on the former Treasurer's past practices. The Board and Treasurer were also not aware that they were required to maintain the accounting records on a budget-to-actual basis or that the Treasurer should provide the Board with monthly Treasurer reports.

The Board's ability to exercise financial oversight and make budget decisions based on financial information was diminished because complete budget documents and accounting records were not maintained, and the Board did not receive regular, up-to-date financial reports to review.

AFR – The Board hired a Certified Public Accountant (CPA) to submit the AFRs to OSC instead of the Treasurer. However, the Board did not ensure that the CPA prepared and filed the District's AFRs in a timely manner. A fire district board should ensure the fire district treasurer complies with GML Section 30 that requires a fire district treasurer to file the AFR within 60 days after the close of the fiscal year. The AFRs for the 2020 through 2024 fiscal years were not filed within the statutory timeframe.[3]

The Treasurer stated the AFRs were filed late because they had difficulty preparing the AFRs and hired a CPA to assist with the filings. The Vice Chairman and Treasurer also acknowledged that they were not assertive in making sure that the CPA filed the AFR's in a timely manner. The Board is ultimately responsible for ensuring that the Treasurer or CPA prepare and submit AFRs in a timely manner. OSC offers extensive resources, such as AFR application manuals and training videos to help fire districts meet the financial reporting requirements accurately and efficiently.

When AFRs are not filed in a timely manner, transparency to the Board, taxpayers, OSC and other interested parties is diminished, and they are denied the ability to assess the District's financial standing.

Recommendations

The Board should:

1. Adopt a written fund balance policy that establishes a reasonable level of fund balance to maintain to meet the District's financial needs.
2. Develop multiyear financial and capital plans to provide a framework for preparing future budgets and managing the financing of future capital needs.
3. Prepare and adopt annual budgets in the format prescribed by OSC.

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2 We also reviewed the Board's development of estimated revenues and appropriation in its annual budget and minor exceptions were verbally communicated to District officials.

3 OSC's website provides more information on AFR nonfilers and the District's current AFR filing status at: https://web.osc.state.ny.us/localgov/afr-non-filers/.

4. Ensure the Treasurer is properly trained in accounting software, record keeping and accounting.
5. Ensure the Treasurer or CPA prepares and files all subsequent AFRs with OSC within 60 days of the fiscal year-end.

The Treasurer should:

6. Maintain complete and accurate accounting records and provide monthly Treasurer reports and annual financial reports to the Board, including budget-to-actual reports, to monitor District operations.

Finding 2 – The Board did not properly audit claims.

We reviewed 18 claims totaling $54,022 out of a population of 60 claims totaling $96,742 paid during our audit period to determine whether they had adequate supporting documentation, were for appropriate District purposes and were properly audited and approved before payment. All claims[4] reviewed had at least one discrepancy. Specifically, the Board did not ensure:

- Sufficient appropriations were available prior to approving claims for payment for all 18 claims reviewed, totaling $54,022. For example, the Board approved two claims for equipment purchases totaling $6,246 without ensuring availability of appropriations. Because the Treasurer did not provide the Board with budget-to-actual reports, it could not verify availability of funds before approving the claims for payment. The Vice Chairman stated that the Board was keeping a practical sense of the District's spending but was not receiving detailed budget-to-actual reports and monitoring each budget line item. When the Board does not ensure sufficient appropriations are available when performing a claims audit, officials cannot ensure that financial resources will be available to pay claims.
- Purchases were made according to the District's procurement policy. Sixteen out of the 18 (89 percent) claims totaling $19,022 did not follow the District's procurement policy because documentation supporting that competition was sought or was not required was not attached. These claims included the purchase of pagers, various vehicle repairs, and items purchased on credit cards. For example, the Board approved the payment of two claims for vehicle repairs totaling $3,617 that lacked two verbal quotes as required by the procurement policy.

  The Vice Chairman stated the Board was following the procurement policy but was not always preparing and keeping the required supporting documentation and attaching it to the claim package to be evaluated during the claims auditing process. When the Board does not ensure the procurement policy requirements are included in claims documentation, cost savings may be missed, and those increased costs are passed on to taxpayers.
- Claims had adequate supporting documentation and were for a valid and legal purpose. Specifically, nine out of 18 claims (50 percent) totaling $10,703, were missing supporting documentation because they lacked invoices and itemized receipts, or the invoices were insufficiently detailed. For example, one claim totaling $3,365 for automated external defibrillator (AED) equipment did not sufficiently detail the unit price, or description of equipment purchased, as what was provided to the District was actually a packing slip from another municipality who the District purchased the equipment from, with hand written notes detailing the quantity and amount owed, rather than an actual invoice.

  For seven claims that were audited and approved by the Board totaling $5,793, we could not determine whether $5,053 was for valid and legal District purchases because the invoices or receipts were not on file. Of the seven claims, three included receipts partially supporting the claims totaling $740. All these payments were purchases made by credit card to vendors such as a home improvement store and public safety vendors. We reviewed the cancelled checks for these claims to corroborate that these checks corresponded to the other supporting documentation on file at the District. The Vice Chairman acknowledged that the Board was lax about requiring itemized receipts and invoices being attached to

4 Some claims had multiple issues and, therefore, are included in multiple categories.

the claim package for the Board to evaluate. When claims are approved without necessary supporting documentation, it increases the likelihood of payments that are not legitimate.

- Sales tax totaling $274 was not included on six of the 18 claims (33 percent), despite the District being exempt from paying sales tax. The Vice Chairman stated that some of these purchases were made either online or through a local vendor that would not accept the District's tax-exempt letter. However, these are not appropriate reasons to pay sales tax as a tax-exempt organization and creates an additional cost for the taxpayer.

When the Board does not perform an accurate and complete review of claims to ensure they are authorized and supported by adequate invoices or other documentation, there is an increased risk the District could incur unnecessary costs or pay for goods and services that were not for proper District purposes. In addition, when the Board does not ensure sufficient appropriations are available, there is an increased risk that the District could exceed budgeted appropriations.

Recommendation

7. The Board should perform a thorough audit of all claims before payments are made, ensuring that the claims have sufficient supporting documentation, are valid and legal District expenditures, sales tax is not being charged, and there is evidence that the District's procurement policy is followed, and sufficient appropriations are available to pay the claims.

Finding 3 – The Board did not properly administer its LOSAP.

While the District did receive an annual audit of its LOSAP in a timely manner as required by GML Section 219-a, we determined that the Board did not properly administer LOSAP points to volunteers according to GML Section 217. GML Section 217(c)(iii)(B) permits active volunteer firefighters to receive one point each for stand-by lasting for four hours; however, the District's LOSAP point system did not require a four-hour stand-by minimum.

The Vice Chairman stated that the Board's LOSAP point system conformed to the statutory requirements set forth in GML when the District initially established the LOSAP. However, the Board was unaware that the District's LOSAP point system was no longer consistent with the current statutory requirements. Because of this, the District may not be accurately granting annual service award points to active volunteer members.

We determined that the Chairman, who is responsible for the oversight of the District's LOSAP, did not accurately document or award points and service credit for seven of the eight participants reviewed.[5] Specifically, seven participants received a total of 45 points awarded for attending drills, which were not supported by the District's LOSAP records. GML authorizes the volunteer to earn one point per drill, with the drill being a minimum of two hours. However, we identified 11 points that were awarded to a participant who received points for attending drills that did not meet the minimum two hour requirement as per GML Section 217. As a result, the participant may not have been entitled to the year of service credit they received.

The Vice Chairman stated that points awarded and the service credit awarded were inaccurate with GML because the Board did not focus on the requirement that drills must be for a minimum of two hours. Had the Board maintained accurate and detailed records, it may have prevented volunteers from receiving inaccurate service credits.

The Board did not properly administer the District's LOSAP because it did not develop and adopt written LOSAP policies and procedures to help ensure that records of individual member activities under the LOSAP point system were complete, accurate and properly documented according to GML Section 217. The Vice

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5 See Appendix D for our sampling and testing methodologies.

Chairman stated Commissioners were unaware they should have written and approved policies and procedures for administering the District's LOSAP point system.

By properly administering the District's LOSAP point system, District officials would help ensure that volunteers received the benefits they were entitled to under the LOSAP sponsored by the District.

Recommendations

The Board should:

8. Establish standards and procedures consistent with the LOSAP provisions set forth in GML.
9. Ensure LOSAP points are awarded according to the adopted point system and consistent with GML.
10. Ensure that all points earned throughout the program year are adequately tracked, accurately recorded and periodically reviewed and reconciled.

Finding 4 – The Board did not ensure all Commissioners completed mandatory training.

Three of the five members of the Board did not complete the mandatory Commissioner training within 270 days of their first day in office according to Town Law Section 176-e (Figure 3).

Figure 3: Board Oversight and Training

Board Member	Term Start	Date Completed	Days Late[6]
Board Member #1 (Chairman)	1/1/2021	N/A	1,494
Board Member #2 (Vice Chairman)	1/1/2023	4/16/2024	201
Board Member #3	1/1/2022	1/26/2022	0
Board Member #4	1/1/2024	4/1/2025	186
Board Member #5	1/1/2025	3/16/2025	0

The Vice Chairman stated that one Commissioner indicated they received the training, but could not provide a certificate. They also told us that Commissioners did not complete the training in a timely manner because the Board did not focus on this requirement and did not have the time due to personal circumstances. Had the Commissioners and Chairman completed the mandatory training in a timely manner, they would have been better prepared to effectively oversee the District's financial operations.

6 As of October 31, 2025.

Recommendation

The Board should:

11. Comply with Town Law by ensuring all Commissioners complete the fiscal oversight training within 270 days of their first day in office and maintain appropriate records to support the completion of the training.

Appendix A: Profile, Criteria and Resources

Profile

The District serves the Town of Shandaken in Ulster County and is made up of a volunteer fire company. The District is governed by the five-member Board that is responsible for the general management and control of the District's financial activities and operational affairs.

The Chairman is the chief executive officer and is responsible for overseeing the District's day-to-day activities including administration of LOSAP. The Vice Chairman assists the Chairman. The District Treasurer, as chief fiscal officer, is responsible for maintaining accounting records for District expenditures, preparing claims, and submitting the District's AFR to OSC after the fiscal year-end.

The District's 2024 budget was $122,660 and was primarily funded by real property taxes.

Criteria

A board of fire commissioners is responsible for the general management and control of a fire district's financial activities. A fire district's treasurer is responsible for receiving and disbursing district funds, maintaining accurate financial records and providing periodic financial reports to a fire district's board. A fire district's board should also develop and implement written policies and procedures related to financial operations to ensure the transactions are authorized, properly reviewed and recorded, and that financial reports are prepared, accurate and filed in a timely manner. Such policies and procedures should include controls for investments, code of ethics, procurement, travel and conferences, fund balance and credit card use.

Fund balance is the difference between revenues and expenditures accumulated over time. A fire district's board may appropriate a portion of the fund balance to help finance the upcoming year's budget. Generally, fund balance is appropriated when a budget has an operating deficit (expenditures exceeding revenues). The appropriation will reduce fund balance.

To properly manage fund balance, a fire district's board should adopt a written fund balance policy that defines fund balance levels to be maintained, establish long-term financial and capital plans, adopt budgets based on historic or known trends and fund, monitor and maintain a reasonable level of fund balance.

A fire district's board should plan on a multiyear basis. This allows officials to identify developing revenue and expenditure trends, determine the appropriate funding levels, and address equipment and capital needs by setting long-term priorities and goals. A fire district's board should refer to its fund balance policy and plans when developing budgets to ensure that the fund balance is maintained at reasonable levels.

A fire district's board should ensure the fire district's treasurer complies with GML Section 30 that requires a fire district to file the AFR within 60 days after the close of the fiscal year. Officials may request an AFR filing extension which, if granted, extends the fire district's filing deadline to 120 days after the end of the fiscal year. The AFR is an important fiscal tool that can provide a fire district's board with necessary information to monitor district operations and provide taxpayers and other interested parties with a summary of the fire district's financial operations.

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.

Town Law Section 181 requires a fire district's board to adopt a proposed budget which includes detailed estimates of the amount of revenues to be received and expenditures to be made during the fiscal year for which the budget is proposed. Town Law Section 181 also requires a fire district board to attach an estimate of the fund balance to the proposed budget. The estimate of fund balance should have:

- A breakdown of amounts estimated for encumbrances
- Amounts estimated to be expended for the ensuing fiscal year
- Amounts reserved for stated purposes according to law
- Remaining unappropriated unreserved fund balance.

Town Law Section 107 requires fire districts to show proposed appropriations and estimated revenues according to the account classification as prescribed by OSC, which requires using account codes for named accounts, showing the estimated fund balances, together with a breakdown of such fund balance estimated for encumbrances, amounts appropriated for the ensuing fiscal year's budget, amounts reserved for stated purposes according to law, including reserve funds established, and the remaining estimated unappropriated unreserved fund balance for each fund.

To manage and oversee a fire district's financial activities, it is essential that a fire district's board periodically receive and review financial reports from a fire district's treasurer detailing financial activities, account balances and budget-to-actual comparisons of revenues and expenditures. Town Law Section 181-a requires a fire district treasurer to maintain a separate account for each appropriation made in the annual budget of the fire district. Each such account shall show the amount appropriated, the amounts expended from the account, and the unexpended balance of the appropriation.

Best practices for developing estimates of revenue to be earned and recognized during a fiscal year to finance appropriations contained in the annual budget begin with the historical analysis of revenues over time.

To ensure financial activities are properly managed, a fire district's board and treasurer should ensure disbursements are properly supported and authorized prior to payment, and financial records and reports contain complete and accurate information.

Generally, according to Town Law Section 176(4-a), a fire district's board must audit all claims against the fire district before disbursing payments. A fire district's board's audit responsibilities include ensuring that every claim against the district is subjected to a thorough and deliberate review to verify that each claim contains adequate supporting documentation to determine whether it complies with fire district policies, the amounts claimed represent actual and necessary district expenditures and there is sufficient appropriation to pay the claim.

Furthermore, a fire district's board should also require that the fire district's treasurer provides it with all books, records, receipts, claim vouchers and canceled check images annually, as required by Town Law Section 177, so that a fire district's board can perform an annual audit of the fire district's treasurer's records to determine whether funds are properly accounted for and transactions are properly recorded. As part of its oversight responsibilities, and in the absence of an external audit, a fire district's board should provide for an annual audit of the fire district's treasurer and any other officers and employees who handle money as part of their fire district duties.

A fire district board is responsible for auditing claims. A thorough and deliberate claims audit is designed to ensure that claims are legitimate with proper charges against a district. Generally, a claim packet would include a combination of original itemized invoices and receipts, and other relevant supporting documentation such as original quotes as well as a budget-to-actual report, to show that there are sufficient appropriations available to pay the claim.

GML authorizes fire districts to establish and maintain a LOSAP, which provides either a defined contribution or a defined benefit plan to volunteer firefighters. If a LOSAP is established by a fire district, volunteer firefighters can earn LOSAP service credit, up to a maximum number of years of firefighting service, and generally receive the defined contribution or defined benefit service award at a set entitlement age as determined by the fire district sponsoring the program.

When a fire district sponsors a LOSAP, fire district officials are required to establish a point system under which a fire district grants service award points to participants for performing certain activities (LOSAP point system). One year of firefighting service must be credited to active volunteer firefighters for each year that the firefighter earns 50 LOSAP points.

The activities for which LOSAP points may be granted are specified in GML. Activities set forth in GML generally include participation in department responses, training courses, stand-by and sleep-ins, serving in an elected or appointed position, teaching fire prevention classes, as well as attending certain meetings, drills and certain miscellaneous activities. Although a fire district can select which activities to include in its LOSAP point system, in most instances, GML specifies the number of LOSAP points that can be granted each time an activity is performed and the maximum number of LOSAP points that can be earned for performing each activity over the course of a year. For example, when a fire department or company provides fire protection or other emergency services, it is considered a fire department response. If a fire district's LOSAP point system includes participating in fire department responses as an activity for which LOSAP points may be earned, GML requires a fire district to grant 25 LOSAP points to members for responding to the minimum number of fire calls.

Furthermore, fire district officials are further required to adopt standards and procedures for administering their LOSAP to ensure that records of individual member activities under their point system are complete, accurate and properly documented. Each participating fire company is responsible for maintaining records of individuals' point accumulations, as prescribed by the sponsoring fire district. Participation in activities for which points may be granted should be accurately tracked and recorded during the year. Each participating fire company is then required to submit a list, certified under oath, to the sponsoring fire district's governing board identifying all volunteer members who earned at least 50 points during the preceding year. The fire district board is subsequently required to review the list and approve the final annual certification, at which time each volunteer on the list must be awarded one year of LOSAP service credit.

According to GML, a fire district that sponsors a LOSAP must obtain an annual audit of its records by an independent CPA or an independent public accountant. In general, the annual audit examines the program's financial conditions, actuarial assumptions, fiduciary investment and control, as well as asset allocation. The LOSAP audit must be completed within 270 days of the end of the sponsor's fiscal year.

Additional Resources

OSC's *Local Government Management Guides,* and other informational resources that are available on OSC's website to help officials understand and perform their responsibilities, include:

- *Fiscal Oversight Responsibilities of the Governing Board* https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf
- *Understanding the Budget Process* https://www.osc.ny.gov/files/local-government/publications/pdf/understanding-the-budget-process.pdf
- *Multiyear Financial Planning* https://www.osc.ny.gov/files/local-government/publications/pdf/multiyear-financial-planning.pdf
- *Local Government Management Guide-The Practice of Internal Controls* *https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf*
- *Management's Responsibility for Internal Controls* https://www.osc.ny.gov/files/local-government/publications/pdf/managements-responsibility-for-internal-controls.pdf
- *Accounting and Reporting Manual for Fire Districts* https://www.osc.ny.gov/files/local-government/publications/pdf/arm-fds.pdf
- *Local Government Management Guide-Improving the Effectiveness of Your Claims Auditing Process* https://www.osc.ny.gov/files/local-government/publications/pdf/improving-the-effectiveness-of-claims-auditing-process.pdf

- *Financial Condition Analysis* https://www.osc.ny.gov/files/local-government/publications/pdf/financial-condition-analysis.pdf
- *The Internal Audit Process For Fire Districts* https://www.osc.ny.gov/files/local-government/resources/pdf/internalauditprocess.pdf

In addition, local officials can use OSC's website to search for audits, resources, publications and training for officials at: https://www.osc.ny.gov/local-government.

Appendix B: Response From District Officials

The content below is a reproduced copy of the original response letter issued by District officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,[7] and may have included changes to spelling and grammar. The substance of the content was not changed.

BIG INDIAN-OLIVEREA FIRE DISTRICT
P.O. Box 222
8 Firehouse Road
Big Indian, NY 12410

August 3, 2026

[Name Redacted], Auditor in Charge
Office of the NYS Comptroller

The following summarizes the Board's Response to the OSC Preliminary Audit Report for the Big Indian-Oliverea Fire District (the "District"). We have broken our Response down according to each of the OSC's four Findings.

OSC Finding 1 – The Board did not provide adequate oversight of the District's financial operations: This Finding is based primarily upon the OSC's conclusion that the Board did not receive monthly "budget to actual" reports from the Treasurer and that it therefore did not know whether it had sufficient funds to pay for an upcoming expense. That is not the case [OSC Comment: See Appendix C, Note 1]. Prior to each monthly District meeting, each Commissioner received copies of the monthly bank statements and Treasurer reconciliation reports. We reviewed, discussed and initialed each bank statement at our monthly meetings and were well-informed about how much from our annual budget had been spent and how much we had in our operating account. The Board never overspent its annual budget amount.

We agree that we did not receive monthly line by line budget to actual reports from the Treasurer. For several years, the District's Treasurer has used the least expensive **[redacted]** (an annual subscription fee of approximately $350); that version does not contain the budget to actual function. At the Comptroller's request, [OSC Comment: See Appendix C, Note 2] we have now purchased an upgraded version (costing approximately $1,000 per year) that will allow the Treasurer to produce those budget to actual reports on a monthly basis.

We did not understate anticipated bank account interest for our operations spending account. (We do not have other sources of extra revenue other than Interest earnings.) Our annual budgets did not include details about our capital Reserve accounts (held in a separate bank) and the interest earned on those accounts. Since those capital reserve funds (including interest) cannot be used for our annual operations spending, we simply did not include that information on the budget form. We were unaware that this information should be included as part of our written annual budget; we will include this information in the future.

We agree that we sometimes missed the 60-day deadline for submitting AFRs to the OSC. However, and most importantly for the sake of transparency, the District has submitted an AFR for each year in the audit period and for years before that. We have also had an external CPA audit for each of those years and the presentation of information in those external audits is much more user-friendly than the AFR report.

We do not currently have a written "fund balance policy" and multi-year capital plan. At our monthly meetings we frequently discuss the amount in the reserve funds and our definite plans to purchase a new pumper-tanker as soon as we reach agreement on the desired features for the apparatus. We have researched and discussed

7 https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule

the options. The reserves are high because the cost of such apparatus ($600,000+) is high. The District's careful planning and saving will enable us to make the purchase without taking out a loan or floating a bond. Many fire districts have been unable to achieve this result. At the auditor's request, we will memorialize our plans for upcoming and future reserve spending.

Finally, we strongly disagree with the Report's statement that the accounting records were inaccurate or incomplete. While a budget to actual report would have been useful, its absence did not negate the Board's complete knowledge of its financial situation [OSC Comment: See Appendix C, Note 3]. Review of bank statements and review/approval of all upcoming spending enabled us to understand our financial situation at all times. While the Report fails to mention it, <u>the District has engaged a CPA to perform an external audit of our financial records every year for a couple of decades.</u> The law does not require us to do this – only Districts with budgets of more than $400,000/year must do this. We simply wanted an outside expert to confirm that our records were in order.

<u>OSC Finding 2 – The Board did not properly audit claims:</u> We disagree with this conclusion, and its details of ways in which certain claims were handled are wrong. The procurement policy: The statement that virtually all claims failed to follow the District's procurement policy is simply inaccurate. The District's procurement policy (both during the audit period and currently) states in relevant part that for purchases of $0.00 to $1,999.00 the District should secure one quote. For purchases between $2,000 and $4,999 there should be two verbal quotes. First, claim number 1125 and claim 1179 were for annual rent payments to the BIO Fire Company. There is no other building located within the Fire District which could begin to accommodate the District's four firefighting apparatus [OSC Comment: See Appendix C, Note 4]. So there is no possible competition for a Firehouse building. The District has rented this building space since the early 1950's. There is a written annual lease which is reviewed and approved by the Commissioners prior to signing any payment of rent. A copy of that lease is attached to the vouchers.

According to the District's purchasing policy, only purchases of $2,000 or more need to have some additional notes or documentation that at least two quotes were sought. Only four of the vouchers reviewed (and not 17) arguably needed the competition documentation. (#1128 for $2,881; #1131 for $2,089.95; #1140 for $3,364.86 and #1141 for $2,071.50.) We have used the radio/pager vendor (#1128) for several years, but we agree it would have been best to track down a similar vendor to see if we could negotiate a better price and service. We will do so in the future. One claim (#1131) was a payment to our credit card company. However, there were multiple purchases from three separate vendors on different days on that credit card statement and all were for less than $1,000. Therefore the purchases do not meet the $2,000 threshold [OSC Comment: See Appendix C, Note 5]. Voucher #1141 to **[redacted]** was for repairs to two different apparatus at two different times. Each job was for substantially less than $2,000. There are very few mechanics in this area who have both the skill and experience to work on firefighting apparatus. The other qualified shop is in Palenville, even further away. On several occasions (including these) they have been unable to commit to when they could estimate the job, when they would do the actual work and how long the apparatus would be tied up. We have discussed this at Commissioner meetings and concluded that we cannot take the chance of tying up apparatus for an indefinite time. We did not memorialize our efforts in a written document; we will do so in the future.

Finally #1140 paid to the Town of Shandaken (the Town where our Fire District is located) was for two AED's. The Town made a collective buy for several Fire Districts and the Town ambulance service as a convenience and to ensure that the AED's were compatible so they could be used by members. The AED's were purchased under a "NYS Hire Contract" (#69040) [OSC Comment: See Appendix C, Note 6] and thus it is presumed to be a competitive price. The NYS contract information is included on the referenced packing slip.

We agree that the District should not pay sales tax and we endeavor to work with vendors who honor our exemption documents. In a few instances we purchased items from online vendors because they were able to get supplies to us quickly and more cheaply. We will work harder to ensure that sales tax is not paid for purchases.

<u>OSC Finding 3 – The Board did not properly administer its LOSAP:</u> We disagree with the Report's statement that the District LOSAP point system is not consistent with current statutory requirements. We have read our document against the statutory requirements, and we can find no inconsistency between the two. We agree

that we should be more careful in reading the details of the sheets memorializing attendance at weekly drills. While all these drill sheets indicated a start time for the drill, there were some that lacked either the ending time or the total number of hours (which should be at least two hours) [OSC Comment: See Appendix C, Note 7]. We are quite certain that most of the drills were two hours or more based on the drill activities reported. We have now spoken to the Chief and the other line officers about the importance of recording all information relating to time spent, emphasizing the need for two hours in order to receive LOSAP credit. In the future we will not award LOSAP points for any drill for which we lack written proof that it lasted at least 2 hours.

We disagree with the Report's statement that the Board failed to properly administer the program because we did not create written policies and procedures for administering the LOSAP system. The Board carefully follows the timing requirements contained in the law [OSC Comment: See Appendix C, Note 8]. In addition, each year our program administer **[redacted]** sends us a summary of all the posting and filing dates that must be complied with as well as copies of the forms which must be completed. There is no need for any additional policies, and we could find no requirement in law which says we must do this.

OSC Finding 4 – The Board did not ensure all Commissioners completed mandatory training: We agree that three of the five Commissioners did not complete the financial training within the statutory 270 days of their first day in office. However, all Commissioners did ultimately complete the training. (We filed the most recent course completion certificate with OSC earlier this year.) While the Chair and the Vice-Chair did not complete the training within 270 days of the beginning of their term, they had significant knowledge and experience to fall back on since both had been in office 10 years or more and both had completed financial trainings prior to their most recent term. As it now stands, all current Commissioners have completed the financial training and we intend to keep it that way.

Bryan D. Kelly, Chairman of the
Big Indian-Oliverea Board of Fire Commissioners

Appendix C: OSC Comments on the District's Response

Note 1

The District did not maintain accounting records on a budget-to-actual basis and therefore did not have adequate information to determine whether sufficient appropriations were available. Further, the conclusion that the Board did not provide adequate oversight of the District's financial operations is based on numerous findings throughout the report.

Note 2

The audit recommended the Board ensure the Treasurer is properly trained in accounting software, record-keeping and accounting. The audit did not recommend the District purchase software.

Note 3

The report states the Board did not ensure complete accounting records were maintained; it does not state that the accounting records were inaccurate.

Note 4

The audit did not assess whether the District complied with its procurement policy; it evaluated whether adequate supporting documentation was available during the Board's claims auditing process. Also, the claims for annual rent payments were not included in the 16 exceptions in the report that did not have documentation to indicate compliance with the procurement policy.

Note 5

There was no supporting documentation attached to the 18 claims we reviewed. As a result, the Board could not determine if the District's procurement policy was followed.

Note 6

The claim did not have an itemized invoice from the vendor. A packing slip alone is not proper supporting documentation for a claim.

Note 7

GML Section 217(c)(iii)(B) permits active volunteer firefighters to receive one point for each stand-by lasting for four hours. While the District's LOSAP point system allows for points for stand-by, it did not require a four-hour stand-by minimum.

Note 8

The Board did not accurately document or award LOSAP points or develop and adopt LOSAP policies and procedures. Developing and adopting written LOSAP policies and procedures is a best practice that can help ensure that records of individual member activities under the LOSAP point system are complete, accurate and properly documented according to GML Section 217.

Appendix D: Audit Methodology and Standards

OSC auditors obtained an understanding of internal controls that were deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of the work on internal controls, as well as the work performed in the audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials, and reviewed Board meeting minutes and District policies, to gain an understanding of District financial operations and Board oversight, such as the Treasurer’s duties, annual audits, financial recording and reporting, budgeting, fund balance management, multiyear and capital planning and LOSAP administration.
- We reviewed District policies to determine whether they were adequate and whether the District complied with statutory requirements.
- We examined the Treasurer’s accounting records for the scope period to determine whether they were complete.
- We used our professional judgement to select 18 claims totaling $54,022, out of a total population of 60 claims totaling $96,742, during our audit period to assess whether: the claims were recorded, authorized, and adequately supported; the District had sufficient appropriations; officials followed the District procurement policy, did not charge sales tax and purchases were for proper District purposes. We selected our sample based on higher risk claims for unusual items such as payments to the fire company; payments for gas purchases; and payments to online companies. We then compared the cancelled check images and transaction information on the bank statements including the payee and amount to the vendor and amount from the claim’s packages.
- We reviewed AFR filings to determine whether the Treasurer submitted AFRs to OSC within 60 days of the fiscal year-end.
- We reviewed Board meeting minutes to identify whether the Board monitors the District’s budget and the Treasurer’s reports.
- We reviewed reserve documents to determine whether the reserves were properly established.
- We analyzed fund balance trends, calculated surplus fund balance levels and determined the percentage this amount was of the next year’s budgeted appropriations from 2020 through 2024.
- We requested and reviewed available financial reports (the annual income statement provided to the Board and accounting system generated reports) to determine whether they were adequate.
- We compared the LOSAP point system to GML requirements to determine compliance with GML.
- We used our professional judgement to select eight of the 16 LOSAP participants that received around 50 points in 2024 to determine whether they met the eligibility criteria for LOSAP 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 2023 and 2024 LOSAP audit report and reviewed the date of the report to determine whether the 2023 annual LOSAP audit report was completed in a timely manner.
- We obtained copies of the 2023 and 2024 annual CPA audit report to determine whether the annual CPA audit report was performed.

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

Questions?

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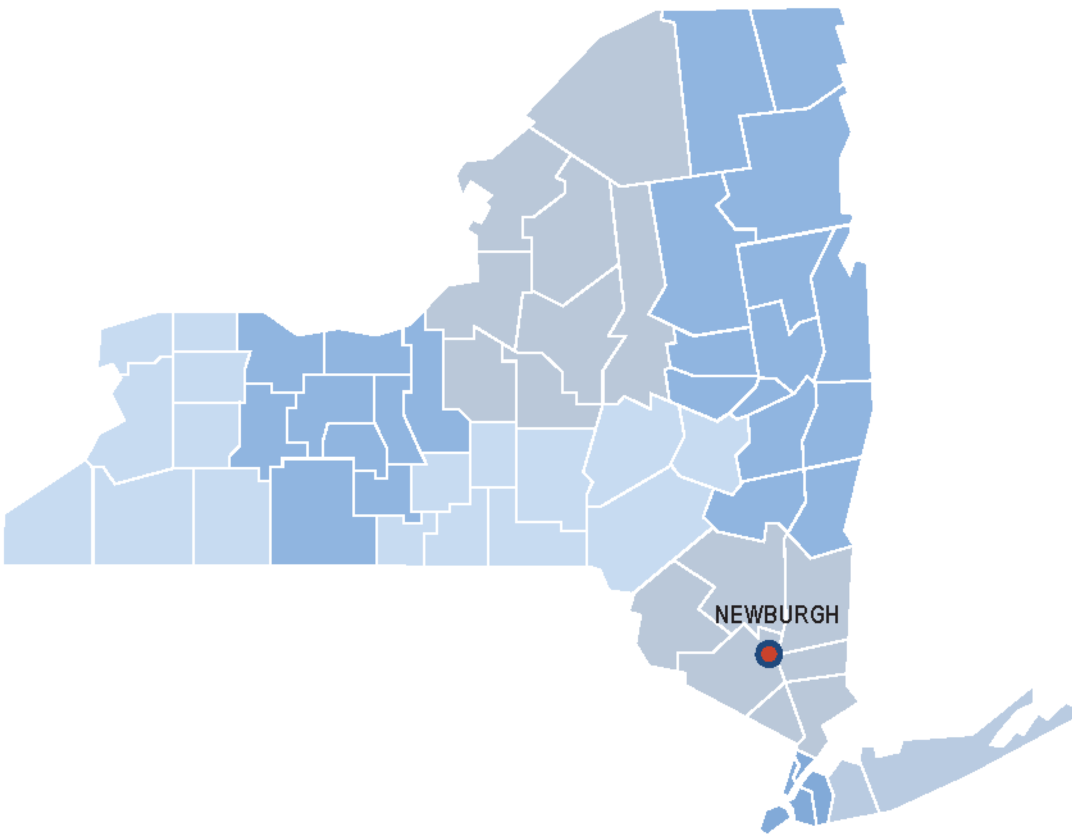

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