



Mohawk Fire District

Board Oversight and Internal Controls Over Cash Disbursements

Report of Examination

Period Covered:

January 1, 2010 — December 1, 2011

2012M-86



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

August 2012

Dear District Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and the Board of Fire Commissioners governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Mohawk Fire District, entitled Board Oversight and Internal Controls Over Cash Disbursements. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

The Mohawk Fire District (District) is a district corporation of the State, distinct and separate from the Town of Mohawk and Montgomery County in which it is located. The District covers approximately 35 square miles and services approximately 1,300 properties. An elected five-member Board of Fire Commissioners (Board) governs the District. The Board is responsible for the overall financial management of the District, including establishing appropriate internal controls over financial operations, monitoring controls to ensure that assets are properly safeguarded, and ensuring that financial transactions are executed in accordance with statutory and managerial authorization. The Board has the power to levy taxes on real property located in the District and to issue debt.

The Treasurer is the District's chief fiscal officer and is appointed by the Board. The Treasurer is responsible for the receipt, custody, disbursement and accounting of District funds, and for preparing monthly financial reports. The Treasurer accounts for the District's financial activities in the general fund. The District's revenues for the 2011 fiscal year were approximately \$135,000, which were funded primarily with real property taxes.

Scope and Objective

The objective of our audit was to examine selected District financial operations for the period January 1, 2010 through December 1, 2011. We extended our scope to begin on January 1, 2007 to review disbursements and ensure they were properly accounted for. Our audit addressed the following related questions:

- Did the Board provide adequate oversight of the District's financial operations?
- Are District controls over cash disbursements adequately designed and operating effectively?

Audit Results

The former Treasurer issued three unauthorized checks totaling \$1,000 to herself without the Board's detection. This occurred because the Board failed to establish a sound internal control structure through formal policies and procedures. Furthermore, the Board failed to provide the proper oversight of the Treasurer by reviewing her work and completing the required annual audit of the Treasurer's records and reports. In addition, the Board did not ensure that all claims had appropriate supporting documentation to indicate that they were for valid District purposes. Such controls would have alerted the Board to the fact that the Treasurer had misappropriated District funds. After we brought these checks to the Board's attention, it contacted law enforcement officials about the theft of District money.

Comments of District Officials

The results of our audit and recommendations have been discussed with District officials and their comments, which appear in Appendix A, have been considered in preparing this report. District officials do not agree with our recommendations and their concerns are attached to this report as Appendix A. Appendix B includes our comments on the District's response letter.

Introduction

Background

The Mohawk Fire District (District) is a district corporation of the State, distinct and separate from the Town of Mohawk and Montgomery County in which it is located. The District covers approximately 35 square miles and services approximately 1,300 properties. An elected five-member Board of Fire Commissioners (Board) governs the District. The Board is responsible for the overall financial management of the District, including establishing appropriate internal controls over financial operations, monitoring controls to ensure that assets are properly safeguarded, and ensuring that financial transactions are executed in accordance with statutory and managerial authorization. The Board has the power to levy taxes on real property located in the District and to issue debt.

The Treasurer is the District's chief fiscal officer and is appointed by the Board. The Treasurer is responsible for the receipt, custody, disbursement and accounting of District funds, and for preparing monthly financial reports. The Treasurer accounts for the District's financial activities in the general fund. The District's revenues for the 2011 fiscal year were approximately \$135,000, which were funded primarily with real property taxes.

Objective

The objective of our audit was to examine selected District financial operations. Our audit addressed the following related questions:

- Did the Board provide adequate oversight of the District's financial operations?
- Are District controls over cash disbursements adequately designed and operating effectively?

Scope and Methodology

We examined the District's financial operations for the period January 1, 2010 to December 1, 2011. We extended our scope period to begin on January 1, 2007 to review disbursements and ensure that they were properly accounted for.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix C of this report.

Comments of District Officials and Corrective Action

The results of our audit and recommendations have been discussed with District officials and their comments, which appear in Appendix A, have been considered in preparing this report. District officials do

not agree with our recommendations and their concerns are attached to this report as Appendix A. Appendix B includes our comments on the District's response letter.

The Board has the responsibility to initiate corrective action. We encourage the Board to prepare a plan of action that addresses the recommendations in this report and forward the plan to our office within 90 days. 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 this plan available for public review in the Secretary's office.

Board Oversight

The Board has the responsibility to oversee the District's fiscal activities and safeguard its resources. To fulfill this responsibility, it is essential that the Board establish a system of internal controls, which consists of policies and procedures that ensure transactions are authorized and properly recorded; that financial records and reports are accurate, reliable and maintained in a timely manner; and that the District complies with applicable laws, rules and regulations.

The Board did not properly oversee the District's financial operations. The Board failed to adopt policies and procedures as required by law and good business practices. Furthermore, the Board failed to complete the required annual audit of the Treasurer's records and reports, which would have provided it with some assurance that the Treasurer was performing her duties in a satisfactory manner. As a result, the former Treasurer was able to issue three unauthorized checks to herself, totaling approximately \$1,000, without the Board's detection. These disbursements are discussed in detail in the section entitled Cash Receipts and Disbursements.

Policies and Procedures — General Municipal Law requires that the District establish a procurement policy, an investment policy, and a Code of Ethics (Code). These policies should establish procedures for procuring goods and services, and for ensuring District investments are adequately secured. The purpose of a Code is to guide District officials and firefighters, and set a standard for conduct expected in the discharge of official business. District officials are required to distribute the Code to all District officials and members, and post a copy of the Code in a public location at the District. These documents help provide reasonable assurance that the District's assets are adequately safeguarded.

The Board did not adopt written policies and procedures to guide the Treasurer in completing investment and cash management activities. Furthermore, the Board did not adopt a comprehensive procurement policy and supplementary procedures to help the District obtain services, supplies and equipment of the right quality and quantity from the best qualified and lowest-priced source. Finally, the Board has not developed a Code for the District.

Policies and procedures establish guidelines for District staff to follow when expending taxpayer funds. Because the Board has not established these policies and procedures, it has not laid the groundwork for its expectations and ensured that District resources were safeguarded from misappropriation. Without a comprehensive Code, the Board

has not set a standard for the ethical conduct of District business, or provided the public with assurance that District officials are expected to perform their duties in conformance with high ethical standards.

Bank Reconciliations — Good business practices require that bank reconciliations are performed on a monthly basis. These reconciliations should ensure agreement between the bank balance and the cash balance in the accounting records, and serve as complimentary documentation to ensure the accuracy of the accounting records and financial reports. Furthermore, bank reconciliations provide the opportunity of internal verification of cash receipts and disbursements.

The Treasurer performs virtually every aspect of the accounting system, including bank reconciliations for the District's accounts, although she was not completing reconciliations for an extended period of time including 2009, 2010 and 2011. The former Treasurer was replaced during our fieldwork and, as of December 14, 2011, the current Treasurer reconciled the bank accounts for all of 2010 and through November 2011. We reviewed the November 2011 bank reconciliation and determined that it was accurate and complete.

When bank reconciliations are not completed on a monthly basis, there is no way to verify that the cash balance in the accounting records reconciles to the bank balance. As a result, District officials cannot know the actual amount of cash available for District use. The former Treasurer could not provide a valid reason for not completing the bank reconciliations. The Board's failure to oversee the Treasurer's work and the monthly reconciliations created the opportunity for the Treasurer to write unauthorized checks to herself without detection.

Annual Spending Limitation and Budget — The District's annual spending limit is established by Town Law. The spending limit is the maximum amount that the District may expend without having to obtain voter approval. The District's budget guides the District's financial plans for the year and establishes appropriations for how the District's moneys are to be spent. Town Law requires the District to file its annual spending limitation worksheet and budget with the Town's budget officer. The budget should contain detailed estimates of the revenues and expenditures to be made during the fiscal year.

The Board did not properly prepare an annual budget. The minutes contain documentation that the Board adopted a budget; however, there were no budgets available for us to review. As a result, the Board did not file budgets with the Town for 2008 through 2011. Instead, the Board informally informed the Town of the amount of taxes that needed to be levied for the District. In addition, the Board could not provide us with evidence that it had prepared the annual spending limitation worksheet for 2011. We calculated the District's spending

limit for 2011 and determined the District's total appropriations were within the spending limitation.

Because the Board did not properly prepare and present a detailed annual budget to the Town, there is no Board-approved document to guide District officials in monitoring the operations. This does not provide taxpayers with a transparent view of the District's estimated expenditures and revenues.

Annual Audit—Town Law requires the Board to perform or contract for an annual audit of the Treasurer's books and records. An annual audit serves as an important control procedure because it gives the Board an opportunity to verify that cash has been accounted for and transactions have been properly recorded. It also provides Board members with an added measure of assurance that the Treasurer's financial records and reports contain reliable information upon which to base management decisions.

There was no indication that the Board had audited the Treasurer's records for the fiscal years 2008 through 2011. This lack of oversight has diminished the Board's ability to properly monitor financial operations and increased the risk that errors or irregularities could occur and remain undetected and uncorrected.

Recommendations

1. The Board should take immediate action to strengthen the District's internal control environment and develop, adopt, and implement written policies and procedures to control and monitor District operations.
2. The Board should adopt a Code of Ethics, as required by statute, to provide guidance of acceptable conduct to District officials and members.
3. The Board should segregate, when practical, the duties performed by the Treasurer. If that is not practical, the Board should take a more active role in oversight of the District's financial records and activities.
4. The Board should ensure that all District bank accounts are reconciled monthly, preferably by someone who does not handle cash or maintain the District's cash accounting records.
5. The Board should ensure that the Treasurer prepares and files the annual spending limitation worksheet and an annual budget with the Town of Mohawk budget officer.
6. The Board should perform a proper annual audit of the Treasurer's records and reports to comply with Town Law, and ensure that the records are complete and accurate.

Cash Disbursements

The Board is responsible for developing and implementing a system of internal controls that provides reasonable assurance that District resources are protected from the threat of being lost, stolen, or used inappropriately. An effective system of internal controls consists of comprehensive policies, practices and procedures that, among other things, segregate incompatible duties and require the review and approval of claims prior to payment. Town Law requires that the Board audit and order payment of all claims. As such, the Board must ensure that all claims contain appropriate documentation to determine that they are for legitimate District purposes. The Board must ensure that all disbursements of District moneys are made by checks signed by an authorized official. Additionally, the Board must ensure that all District checks written are accurately accounted for, whether they are paid, voided, or unissued.

Without the Board's detection, the former Treasurer wrote and disbursed three unauthorized checks totaling \$1,000 to herself that did not appear to be for proper District purposes. In 2009, the former Treasurer disbursed two checks to herself totaling \$500.¹ Both checks were recorded as void in the accounting records; however, the checks ultimately cleared the District's bank account. In 2010, the former Treasurer made another unauthorized disbursement to herself in the amount of \$500. This check was also recorded as void in the accounting records; however, the check cleared the District's bank account. These unauthorized transactions occurred because the Board did not have comprehensive written policies and procedures to provide adequate guidance and internal controls over cash disbursements, did not segregate the Treasurer's duties, and did not review her work as a compensating control. After we brought these checks to the Board's attention, it contacted law enforcement officials about the theft of District money.

The former Treasurer was appointed in January 2007 and served until November 2011.² To ascertain the extent that the Treasurer made unauthorized payments, we reviewed all disbursements from 2007 through 2011 to determine if they were properly authorized by the Board, recorded and for legitimate District purposes. During this time period, there were 754 disbursements totaling \$683,927. In addition to the three unauthorized disbursements discussed above, we found that 68 disbursements, totaling \$42,414, did not include

¹ One check totaling \$300 and another totaling \$200 were written to the Treasurer.

² Prior to the start of the examination, we were informed by the Chairman that the former Treasurer resigned in November 2011.

adequate supporting documentation. For example, in 2009 and 2011, 29 disbursements were made totaling \$5,771 that did not have either an invoice or a claim attached for review prior to payment. Although these payments were approved by the Board, it is necessary for each disbursement to contain supporting documentation for the Board to conduct a proper claims audit.

The lack of an adequate internal control structure and sufficient Board oversight created an environment where the Treasurer was able to make three unauthorized payments totaling \$1,000 to herself without the Board's knowledge.

Recommendations

7. The Board should consult with the District's legal counsel and take appropriate action to recover the apparent unauthorized payments to the former Treasurer.
8. The Board should ensure that the new Treasurer properly records all disbursements, and the Board should review all entries made in the accounting records.
9. The Board should ensure that all disbursements are adequately supported by claims and other related documentation.

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

The District officials' response to this audit can be found on the following pages.

Town of Mohawk Fire District

2553 State Hwy. 30A

Fonda, New York 12068

[REDACTED]
Office of the Comptroller

One Broad Street Plaza

Glens Falls, New York 12081

RE: 2012M-086

Dear [REDACTED],

The Town of Mohawk Fire District Board of Fire Commissioners acknowledges receipt of the preliminary draft report related to the audit of the Town of Mohawk Fire District. As per your direction, and in line with the discussion held with you and your staff, we have taken every step possible to keep the preliminary draft report confidential. We also are responding to your draft findings, within the agreed upon time frame. Per your request, I have been designated by the Board of Fire Commissioner as the appropriate official to act in the capacity of responding to inaccurate or incomplete findings.

We appreciate the candid discussions held during the audit and we also acknowledge the cooperation of you and your staff in this audit and review process. We thank you for the opportunity to respond to the preliminary findings as reported and respectfully request that our reflections and comments be considered and included in the final draft.

Scope and Objective:

The Board acknowledges and deems accurate the scope and objectives of the audit as stated.

Audit Results:

The Board acknowledges and deems accurate the finding that the Treasurer issued three unauthorized checks to herself. The Boards requests that these findings also acknowledge that the funds had also been re-deposited by the Treasurer, to the best of our knowledge, and that no District funds remain missing. The Board also points out that at the time of the audit corrective

See
Note 1
Page 18

and remedial action had been taken, a new Treasurer had been appointed, the internal control structure of the District had been re-vamped and the corrective action was well underway prior to the beginning of the audit.

See
Note 2
Page 18

The Board respectfully requests that audit note the efforts and work of the Board to take remedial steps to strengthen their fiscal, including review and external review of the District's financial status with an accountant, the hiring of a well-qualified Treasurer to fill the vacancy of the Treasurer's position. While acknowledging that the prior policies and procedures needed improvement and provided the opportunity for the Treasurer to commit illegal acts, the audit should note that Board took remedial action of their own volition and prior to the audit being conducted.

Board Oversight:

The Board, while acknowledging its responsibility for fiscal oversight and activities to safeguard its resources, also takes exception with the verbiage which alleges the Board acted improperly and failed to oversee the actions of the Treasurer. We once again point out that prior to the audit the Board took positive and proactive steps to address deficiencies and further address the improvement of fiscal policies. Again, the reporting of the issuance of checks to the Treasurer neglects to indicate that the funds were also believed to be returned by the Treasurer. We respectfully request that this acknowledgement be included, along with acknowledgement that the Board **DID** adopt and have in place a Code of Ethics and a Procurement Policy. These policies were in place and remain the policy of the Board to this date. The Board respectfully disagrees with the noted finding that "the Board has not set a standard for the ethical conduct of District business, or provided the public with assurance that District officials are expected to perform their duties in conformance with high ethical standards." Nothing could be further from the truth.

See
Note 3
Page 18

Policies were adopted and were in place detailing the ethical standards and business practices of the Board. Further, with the exception of the illegal acts detected by the audit and promptly reported to law enforcement, the Board has, and continues to act, well within the established guideline for ethics and with every intention to safeguard public funds. We take exception to the remarks included which paint with a broad brush the entire Board, when one individual appears to have committed criminal acts and then took steps to cover their actions. The Board has tried to prevent these acts, and while acknowledging that their actions may not have been successful, point to their past and present efforts to prevent a reoccurrence of criminal activity.

See
Note 4
Page 18

See
Note 3
Page 18

Commissioner Training:

This item has been the focus of much discussion and the Board acknowledges that the OSC staff may delete reference to this portion. Simply stated, we wish to restate our position that the Board feels very strongly that all of our Commissioners and employees should receive proper training and comply with any statutes or recommendation regarding same. The Board has taken appropriate steps and has diligently seen to it that all Commissioners are afforded to opportunity for required training, and beyond. The Board has discussed modification of our policies and procedures for the recording and filing with the District Secretary of any and all training certificates received. We have also attempted to obtain copies of training certificates or training records from training providers and the Association of Fire Districts of the State of New York, without avail. It is our intention to also request from the Association a means by which records may be maintained, and subsequently obtained when requested by OSC staff or District officials, detailing the successful completion of mandatory training of Commissioners.

See
Note 5
Page 18

Again, we take exception to the tone of the report which would indicate our non-compliance with statute, when in fact this is incorrect and untrue. We respectfully request that this entire section be reworded or deleted to reflect the inadequacy of the statute or current practices by training entities to properly report or provide a uniform mechanism for filing and reporting mandatory class completion.

Bank Reconciliation:

The findings are noted and appear accurate. As previously stated and noted in the report, corrective action has been taken and new procedures and policies have been adopted and are in place currently.

Annual Spending Limitation and Budget:

The informal nature reported in these findings accurately describe how the Board dealt with development of their annual spending plan. Noting the criticism of the audit’s findings, the Board would respectfully request that comments also be included which reflect their compliance with the legal requirements that development and required public discussion and notification was adhered to in preparation of a fiscal plan, although it was done in an informal manner. We also disagree that there was no transparent view of estimated expenditures and revenues for taxpayers. While not formally prepared or presented to the Town officials, all of this information was available and was presented publically, as required by law. The Board acknowledges the need to improve this process and has taken immediate and current steps to improve this process. Again, the verbiage would indicate the finding of the audit to be gross disregard for the policy

See
Note 6
Page 18

and statute requiring public disclosure or non-compliance with taxing limits. The Board would request that acknowledgement be made that all spending was done within statutory limits and within the legal parameters permitted, albeit, informally.

Annual Audit:

The Board disagrees with the noted findings and would respectfully request that it be noted that an annual audit of this District is not required by State statute, however, that it is recommended for Districts with taxing limits such as ours. Further, the Board notes that on an annual basis, and in the preparation of the annual reports required by the Office of the State Comptroller, the Board did engage the services of a certified public accountant. This annual review and filing, along with the less formal internal review of the records of the Treasurer by the commissioners themselves, formed the oversight of the financial records of the District. It was apparent prior to the audit of the OSC that these procedures were lacking, and the Board sought to correct and modify their procedures with the hiring of a new Treasurer. We would respectfully request that these facts be noted and we further request that the verbiage be modified to reflect that the Board did perform an annual audit and review.

See
Note 7
Page 19

Recommendations:

1. Internal Control Environment Strengthening – Agreed and Underway
2. Code of Ethics Adoption – As noted above, the Code has been adopted and has been in place since it was required.
3. Commissioner’s Training – As noted above, The Board is in compliance as required
4. Segregation of Treasurer’s Duties – Agreed and underway since hiring of new Treasurer
5. Agreed and implementation completed
6. Agreed and implementation completed
7. Agreed and as noted above this has been done and will be continued.

Cash Disbursements:

We acknowledge the findings of the OSC staff, for the most part, and have begun review and implementation where necessary of the recommendations noted. It should also be noted that independent of the instant audit, some of these recommendations were initiated by Board directive and action prior to these audit recommendations being made. We would appreciate it if note of this pro-active stance could be included in the report, reflecting our keen understanding and cooperation in this matter.

See
Note 8
Page 19

We appreciate your consideration of these remarks and we will be available to discuss these matters should that be necessary.

Respectfully submitted on behalf of the Board,

~~Dwight~~ Dwight A. Schwabrow, Commissioner

cc: Ronald Hinkle, Chairman

William VanGorder, Vice Chairman

Ronald Smith, Commissioner

Francis Ivancic, Commissioner

APPENDIX B

OSC COMMENTS ON THE DISTRICT'S RESPONSE

Note 1

Subsequent to the completion of our fieldwork, District officials informed us that the unauthorized and questionable payments to the former Treasurer had been paid back to the District in September 2011. However, when we discussed the questionable payments with the former Treasurer and District officials during our audit, there was no indication that she had paid back the funds.

Note 2

Our audit discovered the unauthorized and questionable payments the former Treasurer made to herself; therefore, it is inaccurate for District officials to state that they had taken corrective and remedial action related to the questionable payments prior to the beginning of the audit.

Note 3

Our audit found that the Board did not properly oversee the District's finances. If the Board had reviewed the District's accounting records, financial reports and bank statements, it would have noticed the improper checks.

Note 4

While the minutes for a Board meeting in 2007 stated the Board adopted a code of ethics, the Commissioners were unable to produce a copy of the Code upon our request during our fieldwork.

Note 5

As indicated in the District's response, we removed the section related to Commissioner training from the report and communicated it to District officials as a verbal finding. While the Commissioners indicated during our fieldwork that they had taken the required training, there was no documentation made available to us — other than a canceled check for the training's enrollment fee — to confirm this assertion. While payment for training is indicative of the Commissioners' intent to attend a training presentation, it is not the equivalent of a certification or other documentation to verify attendance and completion of a training session. The District should ensure that it maintains evidence that the Commissioners actually attended and completed the training.

Note 6

When we requested the District's annual spending limitation calculation and adopted budgets during our audit, District officials could not provide them to us. As stated in the report, the District was within its statutory spending limit; however, the District should formally document its adopted budgets and spending limit calculations to provide transparency and accountability to the taxpayers.

Note 7

While the District is not required to contract for an annual financial audit, the Treasurer is required to report all moneys received and disbursed during the previous fiscal year and produce all books, records, receipts, orders, vouchers and canceled checks or check images to the Board. The Board should document its audit of the Treasurer's records in the minutes. As we stated in the audit report, there was no indication that the Board audited the Treasurer's records during our scope period.

Note 8

We stated in the audit report that, when we brought the theft of District funds to the Board's attention, it contacted law enforcement.

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the adequacy of the internal controls put in place by District officials to safeguard assets and monitor financial activities. To accomplish this, we performed an initial assessment of the internal controls so that we could design our audit to focus on those areas most at risk. Our initial assessment included evaluations of the following areas: financial transactions, cash disbursements, claims auditing, control environment, purchasing and personal services.

During the initial assessment, we interviewed District officials, performed limited tests of transactions, and reviewed pertinent documents such as the meeting minutes, and financial records and reports for the period January 1, 2010 through December 1, 2011 and prior years to gain a historical perspective. As a result of our initial planning, we expanded our scope period for cash disbursements to January 1, 2007 to December 1, 2011.

After reviewing the information gathered during our initial assessment, we determined where weaknesses existed, and evaluated those weaknesses for the risk of potential fraud, theft and/ or professional misconduct. We then decided upon the reported objectives and scope by selecting for audit those areas most at risk. We selected Board oversight and cash disbursements for further review.

To accomplish our audit objectives and obtain relevant audit evidence, our procedures included the following:

- Based on our initial testing of cash disbursements, we expanded our scope to include all bank transactions for the period January 1, 2007 through December 1, 2011.
- We reviewed all District cash disbursements for the period January 1, 2007 through December 1, 2011.
- We reviewed the manual accounting journal to confirm transactions were recorded properly.
- We traced all checks recorded void from the check register to the accounting journal to the bank statements.
- We reviewed Board meeting minutes to confirm the documentation of the annual audit of the Treasurer's records and reports.
- We interviewed District officials to gain an understanding of the District's operations.
- We interviewed the District Treasurer (former) for clarification of entries in the manual accounting journal.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX D

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Steven J. Hancox, Deputy Comptroller
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