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September 2016

Brian McGuire, Chairman
Members of the Board of Fire Commissioners
Hillside Fire District
11 Fox Hollow Road
Rhinebeck, NY 12572

Report Number: 2016M-284

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

The Office of the State Comptroller works to identify areas where fire district officials can improve their operations and provide guidance and services that will assist them in making those improvements. Our goals are to develop and promote short-term and long-term strategies to enable and encourage fire district officials to reduce costs, improve service delivery and account for and protect their entity's assets.

In accordance with these goals, we conducted an audit of the Hillside Fire District (District), which addressed the following question:

- Did the commissioners ensure that the Treasurer properly accounted for cash receipts and disbursements?

The results of our audit have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials generally agreed with our findings and indicated they plan to initiate corrective action.

Background and Methodology

The District is a district corporation of the State, distinct and separate from the Town of Rhinebeck, in Dutchess County. The District's 2016 general fund budgeted appropriations total \$116,100 and are funded primarily by real property taxes.

The Board of Fire Commissioners (Board) is composed of five elected commissioners and is responsible for the District's overall financial management and safeguarding its resources. The Board appoints a Treasurer, who acts as the District's chief fiscal officer. The Treasurer is responsible for the receipt and custody of District funds, disbursing and accounting for those funds, preparing monthly and annual financial reports and meeting any other reporting requirements.

We examined the internal controls over the District's cash receipts and disbursements for the period January 1, 2015 through July 20, 2016. We interviewed appropriate District officials and reviewed financial records and Board minutes. We conducted this performance audit in accordance with generally accepted government auditing standards. 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 our 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.

Audit Results

To adequately safeguard District money, the Board, in conjunction with the Treasurer, should establish and implement procedures to provide reasonable assurance that cash disbursements are adequately supported, properly authorized and for valid District purposes. Payments should be reviewed by the Board prior to disbursement and, when approved, listed on a warrant.

The Board implemented adequate procedures over cash receipts and disbursements. Cash receipts were all deposited in District accounts, and disbursements were adequately supported and for valid District purposes. The Treasurer compiles invoices, bills or claims against the District and verifies that they are for legitimate purposes and contain adequate documentation. The Treasurer then presents the vouchers for the Board to review and approve. The Board approves the vouchers at its monthly meeting. Upon approval of the vouchers, the Treasurer mails the checks with the approved vouchers to the vendors. Each vendor then signs and returns the voucher to acknowledge receipt of the check.

To verify that cash received was deposited into District accounts, we traced all receipts totaling \$242,168 to deposits on bank statements for our audit period and found all cash was accounted for. We also reviewed 206 checks with supporting documentation totaling \$165,004. Except for minor discrepancies that we discussed with District officials, all checks were adequately supported, properly authorized and for valid District purposes. We commend District officials for designing and implementing an effective set of controls over cash receipts and disbursements.

We thank the officials of the Hillside Fire District for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

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

HILLSIDE FIRE DISTRICT

11 FOXHOLLOW ROAD
RHINEBECK, N. Y. 12572



INCORPORATED 1931

TOWNS OF
RHINEBECK & HYDE PARK
NEW YORK

September 22, 2016

Gabriel F. Deyo, Deputy Comptroller
Office of the New York State Comptroller
Newburgh Regional Office
33 Airport Center Drive, Suite 103
New Windsor, NY 12553

RE: Report Number 2016M-284

Dear Deputy Comptroller Deyo:

We are in receipt of the draft audit report conducted by members of the Newburgh Regional Office. We are in agreement with the findings of the audit and wish to thank the staff for their verbal suggestions of improvements that will make our current processes even smoother.

If anything is needed in the future, please do not hesitate to contact us.

Sincerely,

Brian McGuire
Chairman of Commissioners
Hillside Fire District