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February 6, 2015

Franklin Jenkins III, Chairman of the Board
East Greenbush Fire District No.3
68 Phillips Road
Rensselaer, NY 12144

Report Number: S9-14-34

Dear Mr. Jenkins:

The Office of the State Comptroller works to help fire district officials 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 10 fire districts and municipalities throughout New York State. The objective of our audit was to determine if fire districts and municipalities awarded length of service award program (LOSAP) credits accurately. We included the East Greenbush Fire District No.3 (District) in this audit. Within the scope of this audit, we examined the District's LOSAP and supporting documentation and activities of eligible volunteer firefighters for the period January 1, 2012 through December 31, 2013.

This report of examination letter contains our findings specific to the District. We discussed the findings with District officials and considered their comments, which appear in Appendix A, in preparing this report. District officials agreed with our report. At the completion of our audit of the 10 fire districts and municipalities, we prepared a global report that summarizes the significant issues we identified at all the units audited.

Summary of Findings

We found that the District has ensured that volunteer firefighters received accurate LOSAP service credit. The District's adopted point system was consistent with New York State General Municipal Law (GML) for the activities that awarded points and the District followed the point system in awarding points to its volunteer firefighters.

Background and Methodology

The District is a district corporation and political subdivision of the State, distinct and separate from the Town of East Greenbush and Rensselaer County in which it is located. The District provides fire protection and other emergency services to the Town of East Greenbush and Schodack Center in the Town of Schodack. An elected five-member Board of Fire Commissioners (Board) governs the District and is responsible for overseeing the District's LOSAP.

The District's 2013 budget appropriations totaled approximately \$862,000. As of December 31, 2012, the District's LOSAP assets totaled approximately \$565,000. The District's cost for the 2012 LOSAP was approximately \$127,000.

When a fire district sponsors a LOSAP, district officials are required to establish a point system that complies with GML. GML establishes the activities that can be included in the point system. One such activity is participation in department responses. Other activities that can be included are training courses, stand-bys and sleep-ins, serving in an elected or appointed position, teaching fire prevention classes, attending certain meetings, drills and certain miscellaneous activities. Although a fire district can select which activities to include in its point system, in most instances, GML specifies the number of points that can be granted each time an activity is performed and the maximum number of points that can be earned for performing each activity over the course of a year. However, a fire district is under no obligation to include in its point system every activity specified in GML.

Active volunteer firefighters earning 50 service award points annually must be credited with one "year of firefighting service" (LOSAP service credit). Points must be granted in accordance with the point system established by the LOSAP sponsor. Annually,¹ each volunteer fire company is required to submit a list (certified under oath) to the fire district's governing board identifying volunteer firefighters who earned at least 50 points during the preceding year. The governing board is required to review the list and approve the final annual certification, at which time each volunteer firefighter on the list must be awarded one year of LOSAP service credit.

In 1994, the District created a defined benefit LOSAP to retain, attract and recruit volunteer firefighters by providing them with a pension-like benefit based upon their years of firefighting service to the District. In general, upon reaching entitlement age of 65, participants in the District's LOSAP will receive \$20 a month for each year of qualifying service, up to a maximum of \$400 a month for 20 years of service. The District responded to 322 and 307 fire calls in 2012 and 2013, respectively.

We examined the District's internal controls over its LOSAP and reviewed records and reports for the period January 1, 2012 through December 31, 2013.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and conduct our audit to adequately assess

¹ On or before March 31

those District operations within our audit scope. Further, those standards require that we understand the District's management controls and those laws, rules and regulations that are relevant to the District's operations included in our scope. An audit includes examining, on a test basis, evidence supporting records for LOSAP-eligible activities and applying such other auditing procedures we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for the findings and conclusions contained in this report. More information on such standards and the methodology used in performing this audit is included in Appendix B of this report.

Audit Results

A fire district sponsoring a LOSAP is required to adopt standards and procedures in conformance with GML for administering its LOSAP. The governing board should ensure that complete and accurate records of volunteer firefighters' activities under the point system are prepared and maintained in accordance with its standards and procedures. The District's point system requires that a year of firefighting service shall be credited under a LOSAP for each year after establishment of the program in which an active volunteer firefighter accumulates at least 50 points.

We found that the District accurately awarded LOSAP credits to its volunteer firefighters. The District's adopted point system was consistent with GML for the activities that awarded points and the District followed the point system in awarding points to its members.

We reviewed all volunteer firefighter members in 2012 and 2013 to determine whether the District awarded LOSAP credits appropriately. We found that all the members received the appropriate LOSAP credit for the scope period.

We commend District officials for their work in establishing and following a good system to award accurate LOSAP credits.

We thank the officials and staff of the East Greenbush Fire District No.3 for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

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

***East Greenbush Fire District #3
Board of Fire Commissioners
68 Phillips Road
Rensselaer, NY 12144
Phone 518-479-4168
FAX 518-477-2319***

August 25, 2014

Ms. Ann C. Singer
Chief Examiner
New York State Office of the State Comptroller
State Office Building, Suite 1702
44 Hawley Street
Binghamton, NY 13

Re: Response to Audit S9-14-34

Dear Ms. Singer:

The East Greenbush Fire District No. 3 is in receipt of draft audit report S9-14-34 dated July 15, 2014. The Fire District works hard to ensure we accurately award and report Length of Service Award Program (LOSAP) credits and are pleased with the findings. We will continue to follow our controls in place to ensure compliance with General Municipal Law and accurate awarding of LOSAP Credits.

We would like to thank you for the opportunity to respond to the draft audit report and thank the auditors for the courtesies and cooperation they extended to our staff while conducting their review.

Sincerely,

Franklin W. Jenkins, III
Chairman of the Board
East Greenbush Fire District #3

cc: [REDACTED]

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To accomplish our objective, we interviewed District officials to gain a better understanding of the control environment at the District. Our steps included the following:

- We reviewed relevant documentation regarding the District's LOSAP, including policies and procedures, bylaws, Board minutes and other documents applicable to our audit objective.
- We tested the District's adopted point structure in comparison to GML requirements.
- We compared the District's adopted point structure against the District's software system maintained for LOSAP credit and the reports from that software.
- We reviewed and compiled all attendance documentation for a sample of 10 volunteer firefighters at the District for 2012 and 2013 to determine if the District's software reports were reliable.
- We tested the District's 2012 and 2013 Board-certified lists of volunteer firefighters receiving LOSAP service credit against the District's 2012 and 2013 point summary reports to determine if the volunteer firefighters were receiving LOSAP service credit accurately in accordance with the District's point structure and GML.