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February 6, 2015

Richard Penney, Chairman
Board of Fire Commissioners
Walden Fire District
230 Old Orange Avenue
Walden, NY 12586

Report Number: S9-14-35

Dear Mr. Penney:

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 Walden Fire District (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 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 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 Montgomery and Orange County in which it is located. The District provides fire protection and emergency services to the Village of Walden and the Town of Montgomery outside the Village. The District has not established an emergency rescue first aid squad and does not operate an ambulance. 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 budgeted appropriations totaled approximately \$861,000. As of December 31, 2012, the District's LOSAP assets totaled approximately \$663,000. The District's contribution for the 2012 LOSAP was approximately \$68,000.

When a fire district sponsors a LOSAP, fire 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. Such activities that can be included are participation in department responses, 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 all the 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 2005, the District created a defined benefit plan LOSAP as an incentive to recruit and retain volunteer firefighters. In general, upon reaching entitlement age of 60, participants in the District's LOSAP will receive a ten year certain and continuous monthly payment life annuity with survivor benefits. The amount payable each month is \$20 multiplied by the number of years of LOSAP service credit earned by a volunteer firefighter, not to exceed 40 years in total. The District had 33 volunteer firefighters receiving LOSAP service credit in 2013.

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.

¹ On or before March 31

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 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.

We found that the District accurately awarded LOSAP service credit to the volunteer firefighter members of its fire department. The District's point system was consistent with GML for the activities for which points were awarded, and the District followed the point system in awarding points to the members. The District's point system requires that a year of firefighting service shall be credited for each year after establishment of the program in which an active volunteer firefighter accumulates at least 50 points.

We reviewed a sample of volunteer firefighters in 2012 and 2013 to determine whether the District awarded LOSAP service credit appropriately. We found that all volunteer firefighters received the appropriate LOSAP service credit for the scope period.

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

We thank the officials and staff of the Walden Fire District 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.

Walden Fire District

PO Box 264
Walden, New York 12586

July 18, 2014

Office of the State Comptroller
Division of Local Government and School Accountability
110 State Street
Albany, New York 12236
Attention: Gabriel F. Deyo, Deputy Comptroller

Re: Report Number S9-14-35

Dear Mr. Deyo;

The Walden Fire District Board of Fire Commissioners are in receipt of the draft auditors report S9-14-35 as it pertains to the audit conducted by your office in regards to the district's established Length of Service Awards Program (LOSAP) for our volunteer firefighters.

The Board of Fire Commissioners has strived to adopt and maintain strong financial oversight in regards to the expenditures of public funds in trusted to us by the tax payers.

The Board is pleased with the findings of the audit conduct by the staff of the comptroller's office. The professionalism and interaction with your field representatives were outstanding.

It is important to note that without the help of our volunteer firefighters, who assist in maintaining all necessary records in regards to the Length of Service Awards Program (LOSAP). The outcome of this audit would not have been possible.

We thank the comptroller's office and staff for their assistance during the audit process.

Sincerely,

Richard J. Henney
Chairman

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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 20 volunteer firefighters at the District for 2012 and 2013.
- We tested the above documentation against the software reports and the Board-certified list of volunteer firefighters receiving LOSAP service credit to determine if the volunteer firefighters were receiving LOSAP service credit accurately in accordance with the District's point structure and GML.