COMPLIANCE AUDIT

Concord Township Volunteer Fireman's Relief Association

Delaware County, Pennsylvania

For the Period

January 1, 2012 to December 31, 2014

January 2015

Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General

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EUGENE A. DEPASQUALE
AUDITOR GENERAL

Mr. Lee Weersing, President
Concord Township Volunteer Firefighters'
Relief Association
Delaware County

We have conducted a compliance audit of the Concord Township Volunteer Firefighters' Relief Association pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and mandated by the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010 (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, for the period January 1, 2012 to December 31, 2014.

The objectives of the audit were:

1. To determine if the volunteer firefighters' relief association took appropriate corrective action to address the findings contained in our prior audit report.

2. To determine if the volunteer firefighters' relief association received state aid and expended state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws, and administrative procedures.

Our audit was limited to the areas related to the objectives identified above.

Volunteer firefighters' relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Concord Township Volunteer Firefighters' Relief Association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, including the safeguarding of assets. Volunteer firefighters' relief association officers are responsible for complying with applicable state laws, contracts, bylaws, and administrative procedures. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, we concluded that, for the period January 1, 2012 to December 31, 2014:

- The Concord Township Volunteer Firefighters' Relief Association took appropriate corrective action to address the findings contained in our prior audit report.

- The Concord Township Volunteer Firefighters' Relief Association, in all significant respects, received state aid and expended state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws, and administrative procedures.

The supplementary financial information contained in this report is presented for purposes of additional disclosure and analysis. We performed only limited procedures on the supplementary financial information and, accordingly, express no form of assurance on it.

The contents of this report were discussed with the management of the Concord Township Volunteer Firefighters' Relief Association. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

January 20, 2016

EUGENE A. DEPASQUALE
Auditor General

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010, (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, the Department of the Auditor General's duty is to audit the accounts and records of every volunteer firefighters' relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law, Act of December 18, 1984, (P.L. 1005, No. 205), as amended, 53 P.S. § 895.701 *et seq.* (commonly referred to as Act 205), are properly expended.

The Concord Township Volunteer Fireman's Relief Association, herein referred to as the Concord Township Volunteer Firefighters' Relief Association, is a charitable organization that was formed primarily to afford financial protection to volunteer firefighters and to encourage individuals to participate in volunteer fire service.

Act 118 governs the overall operation of the volunteer firefighters' relief association. The relief association's bylaws define the specific operational procedures by which the volunteer firefighters' relief association conducts business. To fulfill its primary purpose, Act 118 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by Act 118, it is the responsibility of the volunteer firefighters' relief association to choose investments in a proper and prudent manner.

Volunteer firefighters' relief associations receive public tax monies, and the association officers therefore have a responsibility to the public to conduct the association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the association operates in accordance with applicable state laws, contracts, bylaws and administrative procedures.

Act 205 sets forth the computation of the Foreign Fire Insurance Tax Distribution paid to each applicable municipality throughout the Commonwealth of Pennsylvania. The amount of the distribution is based upon the population of each municipality and the market value of real estate within the municipality. Upon receipt of this distribution, the municipality must allocate the funds to the volunteer firefighters' relief association of the fire service organization or fire service organizations, which is or are recognized as providing the service to the municipality.

BACKGROUND – (Continued)

The Concord Township Volunteer Firefighters' Relief Association was allocated state aid from the following municipalities:

Municipality	County	2012	2013	2014
Birmingham Township	Chester	$ 24,392	$ 28,061	$ 26,227
Thornbury Township	Chester	$ 3,131	$ 3,549	$ 3,352
Chadds Ford Township	Delaware	$ 44,742	$ 50,978	$ 47,784
Concord Township	Delaware	$158,316	$177,749	$168,835
Thornbury Township	Delaware	$ 20,066	$ 22,864	$ 21,530

The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The Concord Township Volunteer Firefighters' Relief Association is affiliated with the following fire service organization:

Concord Fire and Protective Association

CONCORD TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The Concord Township Volunteer Firefighters' Relief Association has complied with the prior audit findings and recommendations, as follows:

- Unauthorized Expenditure

  By receiving reimbursement of $8,230 from the affiliated fire company for the unauthorized expenditure made in the prior audit period

- Insufficient Officer's Bond Coverage

  By increasing the Surety (Fidelity) bond coverage to an amount greater than the balance of the relief association's cash assets.

- Failure To Maintain A Complete And Accurate Equipment Roster

  By maintaining a cumulative inventory roster of all relief association owned equipment. Equipment Roster meets guidelines of Act 118.

We commend the relief association management for its efforts in complying with the findings and recommendations contained in the prior audit report. The association management should strive to remain in compliance with all applicable state laws, contracts, bylaws and administrative procedures.

CONCORD TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
SUPPLEMENTARY FINANCIAL INFORMATION
FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2014

Cash Balance:	$	295,575
Fair Value of Investment Balance:	$	942,270
Expenditures:		
Benefit Services:		
Insurance premiums	$	101,607
Relief benefits		72,736
Total Benefit Services	$	174,343
Fire Services:		
Equipment purchased	$	332,892
Equipment maintenance		145,743
Training expenses		100,760
Fire prevention materials		9,051
Total Fire Services	$	588,446
Administrative Services:		
Other administrative expenses	$	12,174
Bond premiums		1,668
Total Administrative Services	$	13,842
Total Investments Purchased	$	1,815,027

CONCORD TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Concord Township Volunteer Firefighters' Relief Association Governing Body:

Mr. Lee A. Weersing	President
Mr. Robert Griffin, Jr.	Vice President
Mr. Oliver Kocher	Secretary
Mr. James Druding	Treasurer

The following municipalities allocated foreign fire insurance tax monies to this relief association and received a copy of this report:

Ms. Quina Nelling Birmingham Township	Secretary
Ms. Judy Lizza Thornbury Township	Secretary
Mr. Amanda Serock Chadds Ford Township	Secretary
Ms. Brenda L. Lemanna Concord Township	Secretary
Mr. Jeffery T. Seagraves Thornbury Township	Secretary

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.