

COMPLIANCE AUDIT

Tri-Community Ambulance Association of York County, Inc.'s Relief Association

Pennsylvania

For the Period

January 1, 2010 to December 31, 2014

January 2016



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Keith Smith, President
Tri-Community Ambulance Association of
York County, Inc.'s Relief Association
York County

We have conducted a compliance audit of the Tri-Community Ambulance Association of York County, Inc.'s 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, 2010 to December 31, 2014.

The objective of the audit was to determine if the 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 objective identified above.

Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Tri-Community Ambulance Association of York County, Inc.'s 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. 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 objective. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, we conclude that, for the period January 1, 2010 to December 31, 2014:

- The Tri-Community Ambulance Association of York County, Inc.'s 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, except as noted in the finding listed below and discussed later in this report (and noted in the Observation included herein).

Finding – Failure To Secure Ownership Interest In Jointly Purchased Equipment

- The Tri-Community Ambulance Association of York County, Inc.'s Relief Association is not affiliated with a volunteer fire company and was not formed primarily to afford financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in fire service. As further discussed in the Observation in this report, Act 118 defines a relief association's eligibility to receive state aid. Because the relief association is affiliated with the Tri-Community Ambulance Association of York County, Inc., not a fire company, and the relief association states in its bylaws that its primary purpose is to provide volunteer ambulance personnel with protection from misfortune suffered as a result of their participation in the ambulance service, the observation addresses concerns we have with the relief association's eligibility for state aid under these provisions. Therefore, since the Tri-Community Ambulance Association of York County, Inc.'s Relief Association does not meet the statutory definition of a volunteer firefighter's relief association, its eligibility to continue to receive and expend state aid under Act 118 may be adversely impacted or discontinued unless the relief association takes the steps necessary to comply with the provisions of Act 118.

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 Tri-Community Ambulance Association of York County, Inc.'s Relief Association and, where appropriate, their response has been included in the report. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

December 24, 2015



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 Tri-Community Ambulance Association of York County, Inc.'s Relief Association is a charitable organization that was established by, and continues to be affiliated with, the Tri-Community Ambulance Association of York County, Inc. in order to protect and support the Tri-Community Ambulance Association's members.

Act 118 governs the overall operation of volunteer firefighters' relief associations. The relief association's bylaws define the specific operational procedures by which the 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.

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. 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 Tri-Community Ambulance Association of York County, Inc.'s Relief Association was allocated state aid from the following municipality:

<u>Municipality</u>	<u>County</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Codorus Township	York	\$3,117	\$4,849	\$2,772	\$3,113	\$2,939

The relief association and the affiliated ambulance association are separate, legal entities. The Tri-Community Ambulance Association of York County, Inc.'s Relief Association is affiliated with the Tri-Community Ambulance Association of York County, Inc.

TRI-COMMUNITY AMBULANCE ASSOCIATION OF YORK COUNTY, INC.'S
RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – Failure To Secure Ownership Interest In Jointly Purchased Equipment

Condition: During the audit period, the relief association expended \$536 on November 28, 2011 for the installation of lights on an ambulance owned by the Tri-Community Ambulance Association of York County, Inc. without properly securing its ownership interest.

Criteria: Act 118 at 35 Pa.C.S. § 7418(a) states:

The Office of Auditor General shall have the power and its duty shall be to audit the accounts and records of every volunteer firefighters' relief association receiving money under Chapter 7 of the Act of December 18, 1984 (P.L. 1005, No. 205), known as the Municipal Pension Plan Funding Standard and Recovery Act, as far as may be necessary to satisfy the Auditor General that the money received was or is being expended for no purpose other than that authorized by this subchapter. Copies of all audits shall be furnished to the Governor.

Prudent business practice dictates that the relief association should secure its proportional ownership interest in the jointly purchased equipment by executing a formal written agreement that enumerates the relief association's proportional share of financing. Such agreement shall specify that the relief association shall receive its prorated share of the proceeds upon sale of the equipment, in the event the vehicle is ever sold.

Cause: Relief association officials failed to adequately secure its proportional ownership interest in the jointly purchased equipment.

Effect: The failure to adequately secure the proportional share of ownership interest in the jointly purchased equipment places the relief association's ownership interest at greater risk.

Recommendation: We recommend that the relief association officials execute a formal written agreement with the ambulance association that enumerates the relief association's proportional ownership interest in the jointly purchased vehicle as well as stipulating that the proportionate sales proceeds shall revert to the relief association in the event the vehicle is ever sold. If such action is not taken, we recommend that the relief association be reimbursed \$536. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management agreed with the finding as presented and indicated they will take action to comply with the recommendation.

Auditor's Conclusion: Compliance will be subject to verification through our next audit.

TRI-COMMUNITY AMBULANCE ASSOCIATION OF YORK COUNTY, INC.'S
RELIEF ASSOCIATION
OBSERVATION

Observation – Tri-Community Ambulance Association of York County, Inc.'s Relief Association May Not Comply With The Requirements Of Act 118 Because Its Stated Purpose Is To Provide Volunteer Ambulance Personnel With Protection From Misfortune Suffered As A Result Of Their Participation In The Ambulance Service. The Association Is Not Affiliated With A Fire Company And Does Not Provide Financial Protection To Volunteer Firefighters Against The Consequences Of Misfortune Suffered As A Result Of Their Participation In The Fire Service.

The Tri-Community Ambulance Association of York County, Inc.'s Relief Association states in its bylaws that its purpose is to provide volunteer ambulance personnel with protection from misfortune suffered as a result of their participation in the ambulance service. Act 118 is very clear in setting specific requirements for what constitutes a Volunteer Firefighters' Relief Association and when such an organization can receive aid funds under that Act. The Tri-Community Ambulance Association of York County, Inc.'s Relief Association is not affiliated with a volunteer fire company nor was the association formed primarily to afford financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service, as demonstrated in their stated purpose in the association's bylaws. While the Tri-Community Ambulance Association of York County, Inc.'s Relief Association is affiliated with the Tri-Community Ambulance Association of York County, Inc., the same is an emergency medical services organization and not a fire company as required under Act 118.

Act 118 at 35 Pa.C.S. § 7412 states in part, that the Volunteer Firefighters' Relief Association is:

An organization formed primarily to afford financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. The organization may contain within its membership the members of one or more fire companies and may serve secondary purposes, as set forth in this subchapter, but only if adequate provisions have been first made to serve the primary purpose. [Emphasis added]

TRI-COMMUNITY AMBULANCE ASSOCIATION OF YORK COUNTY, INC.'S
RELIEF ASSOCIATION
OBSERVATION

Observation (Continued)

We are further concerned that the members of the Tri-Community Ambulance Association of York County, Inc., who primarily provide services to the general public, do not meet the definition of “Volunteer Firefighter” as defined in the Act. Because the primary purpose does not comport with the requirements of Act 118, we must question their status as a relief association under the Act.

Act 118 at 35 Pa.C.S. § 7412 further states in part, that a Volunteer Firefighter is:

A person who is a member of:

- (1) a fire company organized and existing under the laws of this Commonwealth;
- (2) a fire police unit, rescue squad, ambulance corps or other like organization affiliated with one or more fire companies; or [Emphasis added]
- (3) a fire company or affiliated organization which participates in the fire service but does not look to that service as his or her primary means of livelihood. [Emphasis added]

The Tri-Community Ambulance Association of York County, Inc.’s Relief Association doesn’t meet the statutory definition of a volunteer firefighter’s relief association and, therefore, its eligibility to continue to receive and expend state aid under Act 118 may be adversely impacted or discontinued. The association should consult with their solicitor and evaluate its state of compliance with the Act 118 requirements stated above and take the steps necessary to meet the requirements. The Pennsylvania Department of Community and Economic Development can assist the Tri-Community Ambulance Association of York County, Inc.’s Relief Association with this determination.

TRI-COMMUNITY AMBULANCE ASSOCIATION OF YORK COUNTY, INC.'S
RELIEF ASSOCIATION
POTENTIAL WITHHOLD OF STATE AID

A condition such as that reported by the observation contained in this audit report may lead to a total withholding of state aid in the future unless the observation is corrected.

TRI-COMMUNITY AMBULANCE ASSOCIATION OF YORK COUNTY, INC.'S
 RELIEF ASSOCIATION
 SUPPLEMENTARY FINANCIAL INFORMATION
 FOR THE PERIOD JANUARY 1, 2010 TO DECEMBER 31, 2014

Cash Balance:	\$	3,609
Expenditures:		
Benefit Services:		
Insurance premiums	\$	<u>12,799</u>
Fire Services:		
Equipment purchased	\$	536
Training expenses		<u>3,304</u>
Total Fire Services	\$	<u><u>3,840</u></u>
Administrative Services:		
Other administrative expenses	\$	1,429
Bond Premiums		<u>250</u>
Total Administrative Services	\$	<u><u>1,679</u></u>

TRI-COMMUNITY AMBULANCE ASSOCIATION OF YORK COUNTY, INC.'S
RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Tri-Community Ambulance Association of York County, Inc.'s Relief Association Governing
Body:

Mr. Keith Smith	President
Mr. Timothy Freyman	Vice President
Ms. Carla McCullough	Secretary
Mr. Scott Zeigler	Treasurer

A report was also distributed to the following municipality, which allocated foreign fire insurance tax monies to this relief association:

Ms. April K. Rehbein Codorus Township	Secretary
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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.