

COMPLIANCE AUDIT

New Hanover Township Fire Company Firefighters' Relief Association

Montgomery County, Pennsylvania
For the Period
January 1, 2012 to December 31, 2014

December 2015



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Joseph Dietz, President
NEW HANOVER TOWNSHIP VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION
Montgomery County

We have conducted a compliance audit of the New Hanover 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 objective of the audit was 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 objective identified above.

Volunteer firefighters' relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the New Hanover 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 objective. 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 New Hanover 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, and administrative procedures.

The Sassamansville Firefighters' Relief Association was merged with the New Hanover Township Firemen's Relief Association in 2014. Refer to the Background section of this report for additional information regarding the merger.

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 New Hanover 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.

October 21, 2015

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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 New Hanover Township Fire Company Firefighters' Relief Association, herein referred to as the New Hanover 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)

On May 13, 2014, a special meeting was called to order to vote on acceptance of the merger between Sassamansville Volunteer Firefighters’ Relief Association with New Hanover Township Firemen’s Relief Association. Instead of dissolving Sassamansville Relief Association (SFRA), relief association officials approved to accept the transfer of all physical assets, cash financial assets, members, and certain insurance and death or other benefits. Motions were made on May 13, 2014, for New Hanover Township Firemen’s Relief Association to accept the following:

- Motion made and approved to accept physical assets to include two vehicles, special service and traffic unit, and all other equipment.
- To accept all financial assets.
- To merge Sassamansville Firefighters’ Relief Association into New Hanover Township Firemen’s Relief Association.
- To honor any Sassamansville Firefighters’ Relief Association established death benefit or any other guaranteed member benefit provided previously by the SFRA prior to merger.

On June 2, 2014, \$13,395 in monetary assets were transferred to New Hanover Township Firemen’s Relief Association along with all physical assets as stated above.

The New Hanover Township Volunteer Firefighters’ Relief Association was allocated state aid from the following municipality:

<u>Municipality</u>	<u>County</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
New Hanover Township	Montgomery	\$80,115	\$90,296	\$86,087

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

New Hanover Township Fire Company No. 1

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

Cash Balance: \$ 243,255

Expenditures:

Benefit Services:

Insurance premiums	\$ 28,019
Death benefits	600
Relief benefits	571
Total Benefit Services	\$ 29,190

Fire Services:

Equipment purchased	\$ 59,590
Equipment maintenance	20,618
Training expenses	8,664
Fire prevention materials	5,645
Total Fire Services	\$ 94,517

Administrative Services:

Other administrative expenses	\$ 315
Bond Premiums	1,054
Total Administrative Services	\$ 1,369

NEW HANOVER 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

New Hanover Township Volunteer Firefighters' Relief Association Governing Body:

Mr. Joseph Dietz	President
Mr. Glenn Hall	Vice President
Ms. Janice Lee	Secretary
Mr. William Moyer	Treasurer

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

Ms. Eileen Pogany New Hanover 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.