

COMPLIANCE AUDIT

Fireman's Relief Association of Landingville, PA

Schuylkill County, Pennsylvania

For the Period

January 1, 2015 to December 31, 2016

February 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov**

**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mr. Brian A. Trumbo, President
Fireman's Relief Association
of Landingville, PA
Schuylkill County

We have conducted a compliance audit of the Fireman's Relief Association of Landingville, PA (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, 2015 to December 31, 2016.

The objective of the audit was to determine if the relief association complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds. Our audit was limited to the areas related to the objective identified above and was not required to be and was not conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the 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 objectives. We believe that our audit provides a reasonable basis for our conclusions.

We were not able to obtain independent confirmations of the cash and the investment balances directly from the financial institution. Therefore, while the relief association provided statements that indicated that, as of December 31, 2016, the relief association had a cash balance of \$12,128 and an investment balance with a fair value of \$15,268, we were not able to verify those cash and investment balances.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matter described in the preceding paragraph, for the period January 1, 2015 to December 31, 2016, the relief association, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.

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 relief association. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

February 13, 2018



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 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 volunteer firefighters' relief associations. Relief association bylaws define the specific operational procedures by which relief associations conduct 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 relief associations 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 that is or are recognized as providing the service to the municipality.

BACKGROUND – (Continued)

The relief association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2015</u>	<u>2016</u>
Landingville Borough	Schuylkill	*	\$ 727
North Manheim Township	Schuylkill	\$3,973	\$4,744
South Manheim Township	Schuylkill	\$4,713	\$4,692

*Landingville Borough failed to complete and return reporting Certification Form AG 385, for the year 2015 that would have enabled them to receive their foreign fire insurance premium tax state aid allocation, per Section 706(b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205) for the year 2015. Consequently, the relief association did not receive their foreign fire tax allocation for the year 2015 from this municipality during 2015; and therefore, those funds were not available to the relief association for general operating expenses or for investment purposes. Landingville Borough should submit future Form AG 385s by the March 31 annual filing date in accordance with Act 205 to ensure proper receipt and distribution of state aid to the relief association in subsequent periods. In addition, Landingville Borough should contact the Municipal Pension and Fire Relief Programs Unit at 1-800-882-5073 or e-mail Comptroller@PaAuditor.gov to resolve the matter of the unfiled Certification Form AG 385 for the year 2015.

The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The relief association is affiliated with the following fire service organization:

Community Fire Company, Landingville, PA

FIREMAN'S RELIEF ASSOCIATION OF LANDINGVILLE, PA
SUPPLEMENTARY FINANCIAL INFORMATION
CASH AND INVESTMENT BALANCES
AS OF DECEMBER 31, 2016

Cash	\$ 12,128
Fair Value of Investments	<u>15,268</u>
Total Cash and Investments	<u>\$ 27,396</u>

FIREMAN'S RELIEF ASSOCIATION OF LANDINGVILLE, PA
SUPPLEMENTARY FINANCIAL INFORMATION
SUMMARY OF EXPENDITURES
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2016

Expenditures:

Benefit Services:

Insurance premiums	\$ 3,367
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Fire Services:

Equipment purchased	\$ 5,402
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Equipment maintenance	5,913
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Training expenses	477
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Total Fire Services	<u>\$ 11,792</u>
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Administrative Services:

Other administrative expenses	\$ 61
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Bond premiums	360
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Total Administrative Services	<u>\$ 421</u>
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Total Expenditures	<u><u>\$ 15,580</u></u>
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FIREMAN'S RELIEF ASSOCIATION OF LANDINGVILLE, PA
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Fireman's Relief Association of Landingville, PA Governing Body:

Mr. Brian A. Trumbo
President

Mr. Garry Thomas
Vice President

Mr. Richard Wagner
Treasurer

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

Mr. James Schaeffer
Secretary
Landingville Borough

Ms. Barbara G. Miller
Secretary
North Manheim Township

Ms. Kelly Handling
Secretary
South Manheim Township

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.