

# COMPLIANCE AUDIT

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Monaca Volunteer Fire Department  
No. 1 Firefighter's Relief Association  
of the Commonwealth of Pennsylvania  
Beaver County  
For the Period  
January 1, 2020, to July 13, 2023

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January 2024



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Mr. Max Miller, President  
Monaca Volunteer Fire Department No. 1  
Firefighter's Relief Association of the  
Commonwealth of Pennsylvania  
Beaver County

We have conducted a compliance audit of the former Monaca Volunteer Fire Department No. 1 Firefighter's Relief Association of the Commonwealth of Pennsylvania (relief association) for the period January 1, 2020, to July 13, 2023. The audit was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania; Section 403 of The Fiscal Code, 72 P.S. § 403; and the Volunteer Firefighters' Relief Association Act ("VFRA Act"), see 35 Pa.C.S. § 7418.

The objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the findings contained in our prior audit report.
2. 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 objectives identified above and was not, nor was it required to be, conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

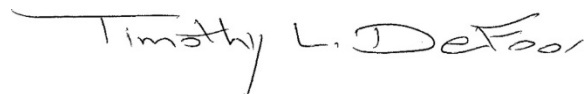
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative 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.

Based on our audit procedures, we conclude that, for the period January 1, 2020, to July 13, 2023:

- The former relief association took appropriate corrective action to address the findings contained in our prior audit report.
- The former 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.

In addition, as of July 13, 2023, the former relief association completed the process of dissolution and merged with Monaca No. 4 Volunteer Fire Department Relief Association of Monaca, Beaver County, Pennsylvania. Consequently, all remaining monetary assets and equipment were transferred to the Monaca No. 4 Volunteer Fire Department Relief Association of Monaca, Beaver County, Pennsylvania.

The contents of this report were discussed with the management of the former relief association. We would like to thank former relief association officials for the cooperation extended to us during the conduct of the audit.



Timothy L. DeFoor  
Auditor General  
December 22, 2023

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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<sup>1</sup>, and the Volunteer Firefighters' Relief Association Act<sup>2</sup> ("VFRA Act"), 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<sup>3</sup> (commonly referred to as Act 205) are properly expended.

The former relief association was a charitable organization that was formed primarily to afford financial protection to volunteer firefighters and to encourage individuals to participate in volunteer fire service.

The VFRA Act 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, the VFRA Act authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by the VFRA Act, 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 relief association officers therefore have a responsibility to the public to conduct the relief association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all relief association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the relief 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.

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<sup>1</sup> 72 P.S. § 403 (as last amended by Act 44 of 2017).

<sup>2</sup> 35 Pa.C.S. § 7411 *et seq.* See specifically, 35 Pa.C.S. § 7418 (amended by Act 91 of 2020).

<sup>3</sup> 53 P.S. § 895.701 *et seq.* (Act 205 of 1984, as amended by Act 119 of 1990).

**BACKGROUND – (Continued)**

The former relief association was allocated state aid from the following municipality:

<u>Municipality</u>	<u>County</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Monaca Borough	Beaver	\$8,648	\$7,741	\$9,362	*

\* As of July 13, 2023, the former relief association dissolved its organization. Thereafter, it did not receive any further state aid allocations.

Based on the relief association’s records, its total cash and investments as of July 13, 2023, were zero, as illustrated below:

Cash	\$	0
Fair Value of Investments		<u>0</u>
Total Cash and Investments	<u>\$</u>	<u>0</u>

## BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2020, to July 13, 2023, were \$282,549, as noted below. The accuracy of these expenditures was evaluated as part of the Department’s audit to conclude on the relief association’s compliance 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.<sup>4</sup> **The scope of the Department’s audit does not include the issuance of an opinion on the accuracy of these amounts.**

### Expenditures:

#### Benefit Services:

Insurance premiums	\$	43,230
Tokens of sympathy and goodwill		270
Total Benefit Services	\$	<u>43,500</u>

#### Fire Services:

Equipment maintenance	\$	4,702
Training expenses		85
Total Fire Services	\$	<u>4,787</u>

#### Administrative Services:

Bond premiums	\$	604
Other administrative expenses		44
Total Administrative Services	\$	<u>648</u>

#### Other Expenditures:

Transfer of monetary assets *	\$	<u>233,614</u>
Total Expenditures	\$	<u><u>282,549</u></u>

\* Transfer of Monetary Assets/Dissolution of Relief Association.

As of July 13, 2023, the former relief association completed the process of dissolution and merged with Monaca No. 4 Volunteer Fire Department Relief Association of Monaca, Beaver County, Pennsylvania. Consequently, all remaining monetary assets and equipment were transferred to Monaca No. 4 Volunteer Fire Department Relief Association of Monaca, Beaver County, Pennsylvania. Due to the dissolution of the former relief association, we are providing officials of Monaca No. 4 Volunteer Fire Department Relief Association of Monaca, Beaver County, Pennsylvania copies of this report.

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<sup>4</sup> Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

## **BACKGROUND – (Continued)**

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

Monaca Volunteer Fire Department No. 1



MONACA VOLUNTEER FIRE DEPARTMENT NO. 1 FIREFIGHTER'S RELIEF  
ASSOCIATION OF THE COMMONWEALTH OF PENNSYLVANIA  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The former relief association has complied with the prior audit findings and recommendations, as follows:

- Unauthorized Expenditures

By receiving reimbursement of \$2,127 from the affiliated fire company for the undocumented expenditures that were made in the prior audit period.

- Inappropriate Ownership Of Rescue Vehicle

By ensuring the title of the rescue vehicle was transferred to the relief association.

We commend the former relief association management for its efforts in complying with the findings and recommendations contained in the prior audit report. Since the former relief association dissolved its organization and consequently transferred its monetary assets to the Monaca No. 4 Volunteer Fire Department Relief Association of Monaca, Beaver County, Pennsylvania, Monaca No. 4 Volunteer Fire Department Relief Association of Monaca, Beaver County, Pennsylvania management should strive to remain in compliance with all applicable state laws, contracts, bylaws, and administrative procedures.

MONACA VOLUNTEER FIRE DEPARTMENT NO. 1 FIREFIGHTER'S RELIEF  
ASSOCIATION OF THE COMMONWEALTH OF PENNSYLVANIA  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Joshua D. Shapiro**  
Governor  
Commonwealth of Pennsylvania

Monaca Volunteer Fire Department No. 1 Firefighter's Relief Association of the Commonwealth  
of Pennsylvania Governing Body:

**Mr. Max Miller**  
President

**Mr. Dave Montgomery**  
Vice President

**Mr. Glen Rambo**  
Secretary

**Mr. William Hoenig**  
Treasurer

Monaca No. 4 Volunteer Fire Department Relief Association of Monaca, Beaver County,  
Pennsylvania Governing Body:

**Mr. Christopher Shotter, Jr.**  
President

**Ms. Amanda Siegel**  
Vice President

**Mr. Steve Krizan**  
Secretary

**Mrs. Lisa Shotter**  
Treasurer

MONACA VOLUNTEER FIRE DEPARTMENT NO. 1 FIREFIGHTER'S RELIEF  
ASSOCIATION OF THE COMMONWEALTH OF PENNSYLVANIA  
REPORT DISTRIBUTION LIST

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

**Mr. David L. Kramer**  
Secretary  
Monaca Borough

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).