

COMPLIANCE AUDIT

Firemen's Relief Association of State College, Pennsylvania Centre County For the Period January 1, 2013 to December 31, 2015

December 2016



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mr. Richard Harris, President
Firemen's Relief Association of State College, Pennsylvania
Centre County

We have conducted a compliance audit of the Firemen's Relief Association of State College, Pennsylvania (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, 2013 to December 31, 2015.

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 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, 2013 to December 31, 2015, the 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 relief association. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

November 29, 2016

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

CONTENTS

	<u>Page</u>
Background	1
Supplementary Financial Information	3
Report Distribution List	5

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. 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 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 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>2013</u>	<u>2014</u>	<u>2015</u>
Benner Township	Centre	\$ 1,916	\$ 1,841	\$ 1,804
College Township	Centre	\$ 92,293	\$ 85,991	\$ 82,184
Ferguson Township	Centre	\$151,708	\$143,903	\$139,519
Patton Township	Centre	\$125,837	\$119,573	\$116,232
State College Borough	Centre	\$234,657	\$223,449	\$219,925

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:

Alpha Fire Company of State College, Pennsylvania

FIREMEN'S RELIEF ASSOCIATION OF STATE COLLEGE, PENNSYLVANIA
SUPPLEMENTARY FINANCIAL INFORMATION
CASH AND INVESTMENT BALANCES
AS OF DECEMBER 31, 2015

Cash	\$ 1,037,853
Fair Value of Investments	<u>3,580,749</u>
Total Cash and Investments	<u>\$ 4,618,602</u>

FIREMEN'S RELIEF ASSOCIATION OF STATE COLLEGE, PENNSYLVANIA
 SUPPLEMENTARY FINANCIAL INFORMATION
 SUMMARY OF EXPENDITURES
 FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2015

Expenditures:

Benefit Services:	
Insurance premiums	\$ 635,726
Death benefits	233,986
Relief benefits	78,589
Tokens of sympathy and goodwill	6,248
Total Benefit Services	\$ 954,549
Fire Services:	
Equipment purchased	\$ 359,616
Equipment maintenance	59,756
Training expenses	54,646
Fire prevention materials	14,385
Total Fire Services	\$ 488,403
Administrative Services:	
Officer compensation	\$ 4,014
Other administrative expenses	108,648
Bond premiums	1,973
Total Administrative Services	\$ 114,635
Investments Purchased	\$ 500,500
Other Expenditures:	
Payments on loan	\$ 60,600
Miscellaneous	752
Total Other Expenditures	\$ 61,352
Total Expenditures	\$ 2,119,439

FIREMEN'S RELIEF ASSOCIATION OF STATE COLLEGE, PENNSYLVANIA
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Firemen's Relief Association of State College, Pennsylvania Governing Body:

Mr. Richard Harris
President

Mr. Carmine Prestia, Jr.
Vice President

Mr. Andrew W. Richards
Secretary

Mr. Dennis E. Hampton
Treasurer

Mr. Thompson A. Buchan
Director

Mr. Keith Yocum
Director

Mr. G. Steve Foster
Director

FIREMEN'S RELIEF ASSOCIATION OF STATE COLLEGE, PENNSYLVANIA
REPORT DISTRIBUTION LIST

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

Ms. Sharon Royer
Secretary
Benner Township

Mr. Adam T. Brumbaugh
Secretary
College Township

Mr. Mark A. Kunkle
Secretary
Ferguson Township

Mr. Douglas J. Erickson
Secretary
Patton Township

Ms. Sharon K. Ergler
Secretary
State College Borough

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.