

# COMPLIANCE AUDIT

---

## Tri-Community Ambulance Association of York County, Inc.'s Relief Association York County, Pennsylvania For the Period January 1, 2015 to July 7, 2016

---

September 2016



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

We have conducted a compliance audit of the former Tri-Community Ambulance Association of York County, Inc.'s Relief Association (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 July 7, 2016.

The objectives of the audit were:

1. To determine if the former relief association took appropriate corrective action to address the finding contained in our prior audit report.
2. To determine if the former 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 objectives 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 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, 2015 to July 7, 2016:

- The former relief association took appropriate corrective action to address the finding contained in our prior audit report.
- The former 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. Additionally, as of April 30, 2016, the former relief association officially dissolved and transferred all remaining monetary assets to the Firemen's Relief Association of the Community Fire Company of Seven Valleys, Inc. on July 7, 2016.

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

September 16, 2016



EUGENE A. DEPASQUALE  
Auditor General

## CONTENTS

	<u>Page</u>
Background.....	1
Status of Prior Finding and Observation.....	3
Supplementary Financial Information .....	4
Report Distribution List .....	6

## 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 former relief association was a charitable organization that was established by the Tri-Community Ambulance Association of York County, Inc. in order to protect and support the Tri-Community Ambulance Association's members from misfortune suffered as a result of their participation in the ambulance 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 former relief association was allocated state aid from the following municipality:

<u>Municipality</u>	<u>County</u>	<u>2015</u>
Codorus Township	York	\$2,748

As of April 30, 2016, the former relief association dissolved its organization. Thereafter, it did not receive any further state aid allocations. (See Supplementary Financial Information)

The former relief association and the affiliated ambulance association were separate, legal entities. The former relief association was affiliated with the Tri-Community Ambulance Association of York County, Inc.

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

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The former relief association has complied with the prior audit finding and recommendation, as follows:

- Failure To Secure Ownership Interest In Jointly Purchased Equipment

By disposing of the equipment (lights) due to damage and inoperability, and accordingly, there was no residual value received from this disposition.

We commend the former relief association management for its efforts in complying with the finding and recommendation contained in the prior audit report.

STATUS OF PRIOR AUDIT OBSERVATION

As disclosed in the observation contained in the prior audit report, it was determined that because the former relief association was affiliated with the Tri-Community Ambulance Association of York County, Inc., not a fire company, and the relief association stated in its bylaws that its primary purpose was to provide volunteer ambulance personnel with protection from misfortune suffered as a result of their participation in the ambulance service, the prior observation addressed concerns that the former relief association did not meet the statutory definition of a volunteer firefighter's relief association as prescribed by Act 118, and as such, its eligibility to continue to receive and expend state aid under Act 118 could be adversely impacted or discontinued unless the relief association took the steps necessary to comply with the provisions of Act 118. As a result, relief association officials consulted with their solicitor and concluded that the best course of action was to simply dissolve the relief association as of April 30, 2016 and transfer all remaining monetary assets to the Firemen's Relief Association of the Community Fire Company of Seven Valleys, Inc. on July 7, 2016.

TRI-COMMUNITY AMBULANCE ASSOCIATION OF YORK COUNTY, INC.'S  
RELIEF ASSOCIATION  
CASH BALANCE  
AS OF JULY 7, 2016

Cash	<u>\$ -</u>
------	-------------

TRI-COMMUNITY AMBULANCE ASSOCIATION OF YORK COUNTY, INC.'S  
RELIEF ASSOCIATION  
SUPPLEMENTARY FINANCIAL INFORMATION  
SUMMARY OF EXPENDITURES  
FOR THE PERIOD JANUARY 1, 2015 TO JULY 7, 2016

Expenditures:

Benefit Services:	
Insurance premiums*	\$ 4,185
Ambulance Services:	
Equipment purchased*	\$ 1,607
Training expenses	70
Total Ambulance Services	\$ 1,677
Administrative Services:	
Other administrative expenses	\$ 395
Bond premiums	100
Total Administrative Services	\$ 495
Total Expenditures	\$ 6,357

\*On April 20, 2016, the former relief association closed its bank account and effective, April 30, 2016 officially completed the process of dissolution. Subsequent to the date of dissolution, the affiliated ambulance association determined that the organization would reimburse the former relief association \$1,744 for a portion of the 2016 insurance premiums paid and another \$1,606 for equipment purchased by the relief association on behalf of the organization during 2016. Consequently, monetary assets amounting to \$3,350 were transferred to the Firemen's Relief Association of the Community Fire Company of Seven Valleys, Inc. on behalf of the former relief association on July 7, 2016.

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

**Ms. Amy Howdyshell**  
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**  
Secretary  
Codorus Township

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).