

**JAMESTOWN VOLUNTEER FIREMEN'S RELIEF ASSOCIATION**

**HEREIN REFERRED TO AS:**

**JAMESTOWN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION**

**MERCER COUNTY**

**COMPLIANCE AUDIT REPORT**

**FOR THE PERIOD**

**JANUARY 1, 2005 TO DECEMBER 31, 2007**



## CONTENTS

Background.....	1
Letter From the Auditor General .....	3
Finding and Recommendation:	
Finding – Untimely Deposit of State Aid .....	5
Accompanying Expenditure Information .....	7
Report Distribution List.....	9



## 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, Act of June 11, 1968, (P.L. 149, No. 84), as amended, 53 P.S. § 8501 et seq. (commonly referred to as Act 84), 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 Jamestown 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 84 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 84 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by Act 84, 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)

The Jamestown Volunteer Firefighters' Relief Association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
South Shenango Township	Crawford	\$13,841	\$14,064	\$13,971
West Shenango Township	Crawford	\$ 3,215	\$ 3,234	\$ 3,258
Greene Township	Mercer	\$ 6,960	\$ 7,182	\$ 7,106
Jamestown Borough	Mercer	\$ 3,321	\$ 3,285	\$ 3,264

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

Jamestown Volunteer Firemen's Association, Inc.

Mr. Donald Azzolina, President  
JAMESTOWN VOLUNTEER FIREFIGHTERS'  
RELIEF ASSOCIATION  
Mercer County

We have conducted a compliance audit of the Jamestown 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, Act of June 11, 1968, (P.L. 149, No. 84), as amended, 53 P.S. § 8501 et seq. (commonly referred to as Act 84), for the period January 1, 2005 to December 31, 2007. The audit was conducted in accordance with *Government Auditing Standards* applicable to performance audits, issued by the Comptroller General of the United States.

The objective of the audit was to determine if the volunteer firefighters' relief association received 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 Jamestown Volunteer Firefighters' Relief Association's administration of state aid and accumulated funds complies with applicable state laws, contracts, bylaws and administrative procedures including the safeguarding of assets. In conducting our audit, we obtained an understanding of the volunteer firefighters' relief association's internal controls as they relate to the association's compliance with applicable state laws, contracts, bylaws and administrative procedures significant within the context of the audit objective. We also tested transactions, confirmed the Jamestown Volunteer Firefighters' Relief Association's cash balance as of December 31, 2007, with the custodian of the funds, and interviewed selected officials to the extent necessary to satisfy the audit objective.

The results of our audit for the period January 1, 2005 to December 31, 2007, found, in all significant respects, the Jamestown Volunteer Firefighters' Relief Association received and expended funds in compliance with applicable state laws, contracts, bylaws and administrative procedures, except as noted in the following finding discussed later in this report. The results of our tests indicated the Jamestown Volunteer Firefighters' Relief Association expended funds as presented in the accompanying information and as of December 31, 2007, had a cash balance of \$28,686 and no investments.

Finding – Untimely Deposit of State Aid

The contents of this report were discussed with the management of the Jamestown Volunteer Firefighters' Relief Association and, where appropriate, their responses have been included in the report.

May 28, 2008

JACK WAGNER  
Auditor General

JAMESTOWN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

Finding – Untimely Deposit of State Aid

Condition: During the current audit, we detected that the relief association did not timely deposit its entire 2005 state aid allocation it received from South Shenango Township. The amount of state aid distributed by South Shenango Township during 2005 was \$13,841. However, we determined that the relief association only deposited \$8,802 of the amount allocated on October 17, 2005. After bringing this matter to the relief association's attention during the current audit, the relief association requested the balance of the state aid from the affiliated fire service organization; and the balance of the 2005 state aid was deposited into the relief association's account on May 30, 2008.

Criteria: The foreign fire insurance tax allocations was distributed to the municipal treasurer who forwarded the state aid to the volunteer firefighters' relief association on September 29, 2005 which is within 60 days of receipt as required by Section 706 (B)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205). Upon receipt of the state aid allocations, the relief association should ensure the funds are deposited in a timely manner.

Cause: The relief association neglected to establish internal control procedures to ensure that all income received be recorded and deposited in a timely manner.

The 2005 state aid allocation, in the amount of \$13,481, was timely distributed by South Shenango Township to the relief association. However, according the relief association's treasurer, it was not timely deposited into a relief association account because when the municipal check was received by the relief association treasurer, who is also the treasurer of the affiliated fire service organization, he erroneously deposited the check into an account of the affiliated fire service organization. At the time the check was erroneously deposited into the affiliated fire service organization's account, the treasurer believed that the check received from the municipality included \$5,039 in funds being remitted by the municipality for a municipal fire contract. He thereafter remitted \$8,802 to the relief association for what he believed was the relief association's proportionate share of the check when, in fact, the check in the amount of \$13,481 represented the entire amount of state aid that should have been deposited into a relief association account.

Effect: As a result of the untimely deposit, the relief association was unable to use the funds for general operating expenses or for investment purposes. In addition, the failure to timely deposit receipts can lead to a greater risk that funds could be lost or misappropriated.

However, subsequent to the period under review, on May 30, 2008, after bringing this matter to the relief association's attention, the relief association received \$5,039 from the affiliated fire service organization for the balance of state aid due the relief association.

JAMESTOWN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

Finding – (Continued)

Recommendation: We recommend the relief association officials adopt internal control procedures to ensure the timely deposit of all income received. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated they will take action to comply with the recommendation.

JAMESTOWN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
 ACCOMPANYING EXPENDITURE INFORMATION  
 FOR THE PERIOD JANUARY 1, 2005 TO DECEMBER 31, 2007

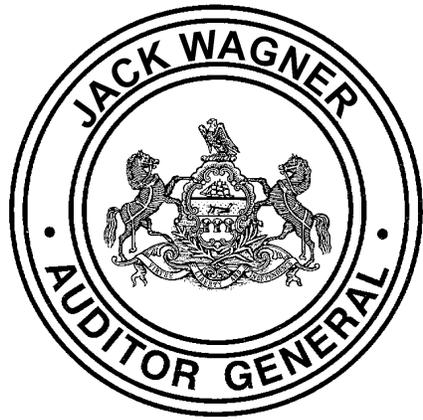
Act 84 at 53 P.S. § 8502(1) states, in part, that:

A volunteer firefighters' relief association is an organization formed primarily for the purpose of affording financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. Such an association may also serve other purposes, . . . provided only that adequate provisions be first made to serve its primary purpose. . . .

Act 84 at 53 P.S. § 8506, authorizes the investment of relief association funds and outlines the types of benefits and services that can be provided with volunteer firefighters' relief association funds. All expenditures must be properly authorized as prescribed in the volunteer firefighters' relief association bylaws and approved at an association meeting.

USES OF FUNDS:

Benefit Services:	
Insurance premiums	\$ 15,356
Relief benefits	394
Total Benefit Services	\$ 15,750
Fire Services:	
Equipment purchased	\$ 95,280
Equipment maintenance	6,881
Total Fire Services	\$ 102,161
Administrative Services:	
Miscellaneous administrative expenses	\$ 18
Total Administrative Services	\$ 18



JAMESTOWN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania

Jamestown Volunteer Firefighters' Relief Association Officers:

Mr. Donald Azzolina, President

Ms. Patty Williams, Secretary

Mr. Michael B. Cadman, Treasurer

Reports were also distributed to each municipality, which allocated foreign fire insurance tax monies to this relief association.

Ms. Sandra E. Royal, Secretary  
Greene Township

Ms. Beverly Riley, Secretary  
Jamestown Borough

Ms. Cathryn J. Amon, Secretary  
South Shenango Township

Ms. Cathy A. Johnson, Secretary  
West Shenango Township

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).