

# COMPLIANCE AUDIT

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## The Aliquippa Volunteer Firemen's Relief Association

Beaver County, Pennsylvania

For the Period

January 1, 2018 to August 18, 2020

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October 2020



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Peter Mottes, President  
The Aliquippa Volunteer Firemen's  
Relief Association  
Beaver County

We have conducted a compliance audit of the former Aliquippa Volunteer Firemen'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, 2018 to August 18, 2020.

The objective of the audit was to determine if the former 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, 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 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, 2018 to August 18, 2020, 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 August 18, 2020 the former relief association completed the process of dissolution and merged with Freedom Volunteer Fire Department Relief Association. Consequently, all remaining monetary assets were transferred to the Freedom Volunteer Fire Department Relief Association.

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.

October 8, 2020

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale", with a long horizontal flourish extending to the right.

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 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.

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.

The relief association did not receive a distribution of state aid during the current audit period. In December 2008, the City of Aliquippa dissolved the charter for the city's volunteer firefighters and has not distributed state aid to this relief association since that time.

In addition, the relief association is no longer affiliated with a volunteer fire service organization.

## BACKGROUND – (Continued)

Based on the relief association’s records, its total cash as of August 18, 2020 was zero, as illustrated below:

Cash	<u>\$ -</u>
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Based on the relief association’s records, its total expenditures for the period January 1, 2018 to August 18, 2020 were \$393,401, 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>1</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:

Death benefits	\$ 30,000
Relief benefits	455
Tokens of sympathy and goodwill	<u>75</u>
Total Benefit Services	<u>\$ 30,530</u>

#### Administrative Services:

Officer compensation	\$ 3,955
Other administrative expenses	329
Bond premiums	<u>462</u>
Total Administrative Services	<u>\$ 4,746</u>

#### Other Expenditures:

Transfer of monetary assets*	<u>\$ 358,125</u>
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Total Expenditures	<u><u>\$ 393,401</u></u>
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\* Transfer of Monetary Assets/Dissolution of Relief Association.

As of August 18, 2020 the former relief association completed the process of dissolution and merged with Freedom Volunteer Fire Department Relief Association. Consequently, all remaining monetary assets were transferred to the Freedom Volunteer Fire Department Relief Association. Due to the dissolution of the former relief association, we are providing officials of Freedom Volunteer Fire Department Relief Association copies of this report.

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<sup>1</sup> Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

THE ALIQUIPPA VOLUNTEER FIREMEN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Tom W. Wolf**  
Governor  
Commonwealth of Pennsylvania

The Aliquippa Volunteer Firemen's Relief Association Governing Body:

**Mr. Peter Mottes**  
President

**Mr. Thomas J. Danylo**  
Treasurer

Freedom Volunteer Fire Department Relief Association Governing Body:

**Mr. Arthur Evans, Jr.**  
President

**Mr. Gary Gilarno**  
Treasurer

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

**Ms. Cheryl McFarland**  
Secretary  
Aliquippa City

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).