

COMPLIANCE AUDIT

Blue Knob Volunteer Firemen's Relief Association

Blair County, Pennsylvania

For the Period

January 1, 2018 to December 31, 2020

July 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Mr. Allan Stombaugh, President
Blue Knob Volunteer Firemen's
Relief Association
Blair County

We have conducted a compliance audit of the Blue Knob 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 December 31, 2020.

The objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the finding 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.

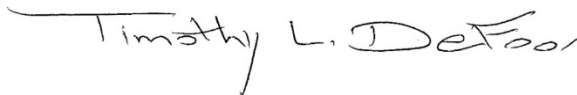
Our audit was limited to the areas related to the objectives identified above and was not, nor was it required to be, conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

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 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 December 31, 2020:

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

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.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending from the start of the name.

Timothy L. DeFoor
Auditor General

June 17, 2021

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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 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. 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 was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Pavia Township**	Bedford	\$ 896	\$ 991	\$ 991
Greenfield Township	Blair	\$5,431	\$6,145	\$6,226
Juniata Township	Blair	\$2,763	\$3,080	\$3,084*

BACKGROUND – (Continued)

* Although Juniata Township prepared and returned a Certification Form AG 385 for 2020 by the March 31 annual filing date in accordance with Act 205, the township did not distribute the 2020 state aid to the relief association in a timely manner. The foreign fire insurance tax allocation was distributed to the municipal treasurer on September 22, 2020, who forwarded this state aid to the relief association on January 8, 2021, which is not within 60 days of receipt, as required by Section 706 (b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205); however, upon receipt of the state aid allocation, the relief association deposited the funds, on January 21, 2021, into a relief association account.

** Due to late filings of Certification Form AG 385, the 2014, 2015 and 2016 state aid allocations were not received and distributed to the relief association by Pavia Township in accordance with Act 205. Pavia Township failed to complete and return reporting Certification Form AG 385, for the years 2014, 2015 and 2016 by the March 31 annual filing dates in accordance with Act 205 to ensure proper receipt and eventual distribution of state aid to the relief association. Although, Pavia Township did file the Certification Forms AG 385 in 2018, the relief association did not receive their foreign fire insurance premium tax state aid allocations, per Section 706(b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205) until August 24, 2018. Upon receipt of the 2014, 2015 and 2016 state aid allocations, the relief association deposited the state aid allocations totaling \$6,311, on September 19, 2018, into an appropriate relief association account. On November 5, 2018, the Pavia Township Secretary/Treasurer realized the funds should have been split equally between the relief association and Imler Area Volunteer Firemen's Relief Association, two organizations that serve the township. Therefore, the Pavia Township Secretary/Treasurer requested that the relief association disburse half of the state aid allocations received for 2014, 2015 and 2016 back to Pavia Township. The disbursement was sent by the relief association officials on November 12, 2018.

Based on the relief association's records, its total cash as of December 31, 2020 was \$10,074, as illustrated below:

Cash	<u>\$ 10,074</u>
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BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2018 to December 31, 2020 were \$39,333, 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.¹ **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	\$ 22,174
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Fire Services:

Equipment purchased	\$ 9,601
Equipment maintenance	1,500
Training expenses	765

Total Fire Services	\$ 11,866
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Administrative Services:

Other administrative expenses	\$ 1,868
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Other Expenditures:

Miscellaneous*	\$ 3,425
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Total Expenditures	\$ 39,333
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*The majority of the Miscellaneous expenditures consists of the 2014, 2015 and 2016 state aid allocations portion in the amount of \$3,156 that Pavia Township requested the relief association return so the municipality could send to Imler Area Volunteer Firemen's Relief Association.

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:

Blue Knob Volunteer Fire Company

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

BLUE KNOB VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
STATUS OF PRIOR FINDING

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

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

- Unauthorized Expenditure

By receiving reimbursement of \$2,148 from the affiliated fire company for the unauthorized expenditure made in the prior audit period.

We commend the relief association management for its efforts in complying with the finding and recommendation contained in the prior audit report. The association management should strive to remain in compliance with all applicable state laws, contracts, bylaws and administrative procedures.

BLUE KNOB 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

Blue Knob Volunteer Firemen's Relief Association Governing Body:

Mr. Allan Stombaugh
President

Ms. Cathy Barnes
Secretary

Mr. Roy Berkhimer
Treasurer

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

Ms. Sherry Hofecker
Secretary
Pavia Township

Ms. Arlene Kuntz
Secretary
Greenfield Township

Mr. Ronald E. Neff
Secretary
Juniata Township

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.