

# COMPLIANCE AUDIT

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## Carmichaels Borough and Cumberland Township Volunteer Firemen's Relief Association of Carmichaels, Greene County, Pennsylvania For the Period January 1, 2015 to December 31, 2017

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June 2018



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE  
AUDITOR GENERAL**

Mr. James Craig Baily, President  
Carmichaels Borough and Cumberland  
Township Volunteer Firemen's Relief  
Association of Carmichaels, Greene  
County, Pennsylvania

We have conducted a compliance audit of the Carmichaels Borough and Cumberland Township Volunteer Firemen's Relief Association of Carmichaels, Greene County, 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, 2015 to December 31, 2017.

The objective of the audit was 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 objective identified above and was not required to be and was not 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 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, 2015 to December 31, 2017, 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 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.

June 15, 2018

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 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.

## BACKGROUND – (Continued)

The relief association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Carmichaels Borough	Greene	\$2,247	\$2,249	\$2,083
Cumberland Township	Greene	\$9,906	\$9,909	\$9,214
Greene Township	Greene	\$ 865	*	\$1,283

\* Green Township failed to complete and return reporting Certification Form AG 385, for the year 2016 that would have enabled them to receive their foreign fire insurance premium tax state aid allocation, per Section 706(b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205) for the year 2016. Consequently, the relief association did not receive their foreign fire tax allocation for the year 2016 from this municipality during 2016; and therefore, those funds were not available to the relief association for general operating expenses or for investment purposes. Green Township should submit future Form AG 385s by the March 31 annual filing date in accordance with Act 205 to ensure proper receipt and distribution of state aid to the relief association in subsequent periods. In addition, Green Township should contact the Municipal Pension and Fire Relief Programs Unit at 1-800-882-5073 or e-mail [Comptroller@PaAuditor.gov](mailto:Comptroller@PaAuditor.gov) to resolve the matter of the unfilled Certification Form AG 385 for the year 2016.

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:

Carmichaels and Cumberland Township Volunteer Fire Company

CARMICHAELS BOROUGH AND CUMBERLAND TOWNSHIP VOLUNTEER  
FIREMEN'S RELIEF ASSOCIATION OF CARMICHAELS,  
GREENE COUNTY, PENNSYLVANIA  
SUPPLEMENTARY FINANCIAL INFORMATION  
CASH AND INVESTMENT BALANCES  
AS OF DECEMBER 31, 2017

Cash	\$ 48,359
Fair Value of Investments	<u>100,605</u>
Total Cash and Investments	<u><u>\$ 148,964</u></u>

CARMICHAELS BOROUGH AND CUMBERLAND TOWNSHIP VOLUNTEER  
FIREMEN'S RELIEF ASSOCIATION OF CARMICHAELS,  
GREENE COUNTY, PENNSYLVANIA  
SUPPLEMENTARY FINANCIAL INFORMATION  
SUMMARY OF EXPENDITURES  
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2017

Expenditures:

Benefit Services:	
Insurance premiums	\$ 27,411
Death benefits	<u>15,000</u>
Total Benefit Services	<u>\$ 42,411</u>
 Administrative Services:	
Bond premiums	<u>\$ 545</u>
 Total Expenditures	<u><u>\$ 42,956</u></u>



CARMICHAELS BOROUGH AND CUMBERLAND TOWNSHIP VOLUNTEER  
FIREMEN'S RELIEF ASSOCIATION OF CARMICHAELS,  
GREENE COUNTY, PENNSYLVANIA  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Carmichaels Borough and Cumberland Township Volunteer Firemen's Relief Association of  
Carmichaels, Greene County, Pennsylvania Governing Body:

**Mr. James C. Bailly**  
President

**Mr. Martin J. Yoskovich**  
Secretary

**Mr. Paul A. Matyk, Jr.**  
Treasurer

**Mr. Todd A. Allison**  
Director

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

**Ms. Kayla Longdon**  
Secretary  
Carmichaels Borough

**Ms. Debra Rush**  
Secretary  
Cumberland Township

**Ms. Judith D. Hamlin**  
Secretary  
Greene Township

CARMICHAELS BOROUGH AND CUMBERLAND TOWNSHIP VOLUNTEER  
FIREMEN'S RELIEF ASSOCIATION OF CARMICHAELS,  
GREENE COUNTY, PENNSYLVANIA  
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