

COMPLIANCE AUDIT

Conneaut Lake Park Volunteer Firefighters' Relief Association Crawford County, Pennsylvania For the Period January 1, 2018 to May 29, 2020

July 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. David Chason, Sr., President
Conneaut Lake Park Volunteer Firefighters'
Relief Association
Crawford County

We have conducted a compliance audit of the former Conneaut Lake Park Volunteer Firefighters' 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 May 29, 2020.

The objectives of the audit were:

1. To determine if the former relief association took appropriate corrective action to address the findings contained in our prior audit report.
2. 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 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.

Due to a stay at home order issued by the Governor of the Commonwealth of Pennsylvania during the COVID-19 pandemic, we were unable to observe any of the former relief association's equipment to verify its existence.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matter described in the preceding paragraph, for the period January 1, 2018 to May 29, 2020:

- The former relief association took appropriate corrective action to address the findings contained in our prior audit report.
- 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 May 29, 2020, the former relief association completed the process of dissolution and merged with Summit Township Volunteer Fire Department Relief Association to form Summit Township Volunteer Fire Department Relief Association. Consequently, all remaining monetary assets and equipment were transferred to the Summit Township 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.

July 14, 2020



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 former relief association was allocated state aid from the following municipality:

<u>Municipality</u>	<u>County</u>	<u>2018</u>	<u>2019</u>
Sadsbury Township	Crawford	\$9,142	\$9,796

BACKGROUND – (Continued)

As of May 29, 2020 the former relief association dissolved its organization. Thereafter, it did not receive any further state aid allocations.

Based on the relief association’s records, its total cash as of May 29, 2020 was zero, as illustrated below:

Cash	<u><u>\$ 0</u></u>
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Based on the former relief association’s records, its total expenditures for the period January 1, 2018 to May 29, 2020 were \$45,985, as noted below. The accuracy of these expenditures was evaluated as part of the Department’s audit to conclude on the former 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	<u>\$ 8,269</u>
Fire Services:	
Equipment purchased	\$ 10,405
Training expenses	<u>2,290</u>
Total Fire Services	<u>\$ 12,695</u>
Administrative Services:	
Other administrative expenses	\$ 183
Bond premiums	<u>132</u>
Total Administrative Services	<u>\$ 315</u>
Other Expenditures:	
Payments on loan	\$ 9,000
Transfer of monetary assets*	<u>15,706</u>
Total Other Expenditures	<u>\$ 24,706</u>
Total Expenditures	<u><u>\$ 45,985</u></u>

* Transfer of Monetary Assets/Dissolution of Relief Association.

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

BACKGROUND – (Continued)

As of May 29, 2020, the former relief association completed the process of dissolution and merged with Summit Township Volunteer Fire Department Relief Association to form Summit Township Volunteer Fire Department Relief Association. Consequently, all remaining monetary assets and equipment were transferred to the Summit Township Volunteer Fire Department Relief Association. Due to the dissolution of the former relief association, we are providing officials of Summit Township Volunteer Fire Department Relief Association copies of this report.

The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The former relief association was affiliated with the following fire service organization:

Conneaut Lake Park Volunteer Fire Department

CONNEAUT LAKE PARK VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The former relief association has complied with the prior audit findings and recommendations, as follows:

- Undocumented Expenditures

By receiving reimbursement of \$853 from the affiliated fire company for the undocumented expenditures that were made in the prior audit period.

- Failure To Conduct Annual Physical Inventories Of Volunteer Firefighters' Relief Association Equipment

By performing and documenting an annual physical inventory of all relief association owned equipment.

We commend the former relief association management for its efforts in complying with the findings and recommendations contained in the prior audit report. Since the former relief association dissolved its organization and consequently transferred its monetary assets to the Summit Township Volunteer Fire Department Relief Association, Summit Township Volunteer Fire Department Relief Association's management should strive to remain in compliance with all applicable state laws, contracts, bylaws and administrative procedures.

CONNEAUT LAKE PARK VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Conneaut Lake Park Volunteer Firefighters' Relief Association Governing Body:

Mr. David Chason, Sr.
President

Mr. Ronald Bickel
Vice President

Mr. David Chason, II
Treasurer

Summit Township Volunteer Fire Department Relief Association Governing Body:

Mr. Peter Albaugh
President

Mr. Rick Daniels
Vice President

Mr. Robert Gilliland
Secretary

Ms. Melissa Samuels
Treasurer

CONNEAUT LAKE PARK VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

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

Ms. Rose Mumau
Secretary
Sadsbury 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.