

COMPLIANCE AUDIT

Dayton District Volunteer Fire Department Relief Association Armstrong County, Pennsylvania For the Period January 1, 2018 to December 31, 2019

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. Luke Steffy, President
Dayton District Volunteer Fire
Department Relief Association
Armstrong County

We have conducted a compliance audit of the Dayton District Volunteer Fire Department 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, 2019.

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, 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 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, 2018 to December 31, 2019, 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.

October 5, 2020

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, 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>2018</u>	<u>2019</u>
Dayton Borough	Armstrong	\$1,914	\$2,048
Red Bank Township	Armstrong	\$2,319	\$2,455
Wayne Township	Armstrong	\$6,246	\$6,757
Smicksburg Borough	Indiana	\$ 190	\$ 204
West Mahoning Township	Indiana	\$3,529	\$3,870
Porter Township	Jefferson	\$ 492	\$ 539
Timblin Borough*	Jefferson	\$ 278	\$ 296

* Due to late filing of Certification Form AG 385, the 2015 and 2017 state aid allocations were not received and distributed to the relief association by Timblin Borough in accordance with Act 205. Timblin Borough failed to complete and return reporting Certification Form AG 385, for the years 2015 and 2017 by the March 31 annual filing date for each year in accordance with Act 205 to ensure proper receipt and eventual distribution of state aid to the relief association. Although, Timblin Borough did file the 2015 and 2017 Certification Form 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 29, 2018. Upon receipt of the 2015 and 2017 state aid allocations, the relief association deposited the state aid allocations in the amounts of \$331 and \$306, respectively, on September 10, 2018 into an appropriate relief association account.

Based on the relief association’s records, its total cash and investments as of December 31, 2019 were \$25,787, as illustrated below:

Cash	\$ 19,881
Fair Value of Investments	<u>5,906</u>
Total Cash and Investments	<u>\$ 25,787</u>

BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2018 to December 31, 2019 were \$38,948, 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	\$ 6,085
Fire Services:	
Equipment purchased	\$ 21,161
Equipment maintenance	5,466
Training expenses	5,149
Fire prevention materials	723
Total Fire Services	<u>\$ 32,499</u>
Administrative Services:	
Bond premiums	<u>\$ 364</u>
Total Expenditures	<u><u>\$ 38,948</u></u>

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:

Dayton District Volunteer Fire Department

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

DAYTON DISTRICT VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Dayton District Volunteer Fire Department Relief Association Governing Body:

Mr. Lucas Steffy
President

Mr. Evan R. Keener
Vice President

Mr. Barry Keener
Treasurer

DAYTON DISTRICT VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

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

Ms. Heidi L. Greenawalt
Secretary
Dayton Borough

Ms. Wendy D. Edmonds
Secretary
Red Bank Township

Ms. Pamela J. Gearhart
Secretary
Wayne Township

Ms. Marilyn L. Barnette
Secretary
Smicksburg Borough

Ms. Nancy Holmes
Secretary
West Mahoning Township

Ms. Jody Stear
Secretary
Porter Township

Ms. Debra Phillips
Secretary
Timblin Borough

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.