

# COMPLIANCE AUDIT

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Good Will Steam Fire Engine  
Company #1 Volunteer Firemen's  
Relief Association  
Montgomery County, Pennsylvania  
For the Period  
January 1, 2017 to December 31, 2019

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March 2021



Commonwealth of Pennsylvania  
Department of the Auditor General  
Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Mr. Kevin Yerger, President  
Good Will Steam Fire Engine Company #1  
Volunteer Firemen's Relief Association  
Montgomery County

We have conducted a compliance audit of the Good Will Steam Fire Engine Company #1 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, 2017 to December 31, 2019.

The objectives of the audit were:

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

We were not able to obtain independent confirmations of the cash balance and the investment balance directly from the financial institutions. Therefore, while the relief association provided bank and investment statements that indicated that, as of December 31, 2019, the relief association had a cash balance of \$48,442 and an investment balance with a fair value of \$160,110, we were not able to verify those cash and investment balances.

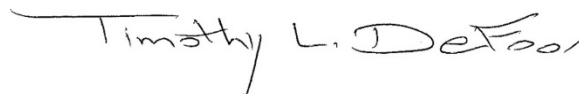
Based on our audit procedures, we conclude that, for the period January 1, 2017 to December 31, 2019:

- The relief association took appropriate corrective action to address the findings contained in our prior audit report.
- Because of the significance of the matter described in the finding below and discussed later in this report and the effects, if any, of the matter described in the preceding paragraph, the relief association did not, in all significant respects, comply 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, collectively as a whole. Therefore, the relief association may be subject to the potential withholding of its upcoming state aid distribution, as discussed in the Potential Withhold of State Aid section of this report.

Finding – Inappropriate Ownership Of Rescue Boat Trailers

The contents of this report were discussed with the management of the relief association and, where appropriate, their response has been included in the report. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

February 17, 2021



Timothy L. DeFoor  
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.

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

<u>Municipality</u>	<u>County</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Pottstown Borough	Montgomery	\$27,146	\$24,691	\$26,321

## BACKGROUND – (Continued)

Based on the relief association's records, its total cash and investments as of December 31, 2019 were \$208,552, as illustrated below:

Cash	\$ 48,442
Fair Value of Investments	<u>160,110</u>
Total Cash and Investments	<u>\$ 208,552</u>

Based on the relief association's records, its total expenditures for the period January 1, 2017 to December 31, 2019 were \$127,198, 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:	
Insurance premiums	<u>\$ 37,171</u>
Fire Services:	
Equipment purchased	\$ 54,900
Equipment maintenance	20,477
Training expenses	10,543
Fire prevention materials	<u>3,150</u>
Total Fire Services	<u>\$ 89,070</u>
Administrative Services:	
Other administrative expenses	\$ 207
Bond premiums	<u>750</u>
Total Administrative Services	<u>\$ 957</u>
Total Expenditures	<u>\$ 127,198</u>

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

## **BACKGROUND – (Continued)**

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:

Good Will Steam Fire Engine Company #1

GOOD WILL STEAM FIRE ENGINE COMPANY #1 VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Unauthorized Expenditure

By receiving reimbursement of \$4,903 from the affiliated fire company for the unauthorized expenditure made in the prior audit period.

- Inappropriate Ownership Of Radio Equipment

By executing a written formal agreement with the affiliated fire company that adequately secures ownership of the financed radios and related equipment to the relief association.



GOOD WILL STEAM FIRE ENGINE COMPANY #1 VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – Inappropriate Ownership Of Rescue Boat Trailers**

Condition: On October 25, 2017, the relief association purchased a 1981 Polar Craft rescue boat, a 13 foot 2013 Achilles rescue boat with motor and two Loadrite trailers, in the amount of \$9,500. Although there were no titles provided for the boats and the boats do not require titles according to the Pennsylvania Fish & Boat Commission, the titles to the trailers were never changed from the original owner.

Criteria: Prudent business practice dictates that the relief association should maintain sole ownership of all equipment purchased by the relief association. As such, the rescue boat trailers purchased by the relief association are to be titled in the name of the relief association.

According to the Pennsylvania Fish & Boat Commission, any boat purchased, transferred or sold, must be titled if the boat is:

- Powered by an inboard motor, including personal watercraft, 1997 model year or newer.
- Powered by an outboard motor, 14 feet or longer, 1997 model year or newer.
- Currently titled in Pennsylvania.
- Currently titled in another state when Pennsylvania becomes the state of primary uses.

Cause: While the relief association has physical ownership of the boats and trailers, they never took the time to transfer the titles of the trailers into the name of the relief association.

Effect: As a result of the trailers not being re-titled in the name of the relief association, the relief association assets were not properly safeguarded.

Recommendation: We recommend that the trailers be titled in the name of the relief association. If such action is not taken, we recommend that the relief association be reimbursed \$9,500. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated they will take action to comply with the recommendation.

Auditor's Conclusion: Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

GOOD WILL STEAM FIRE ENGINE COMPANY #1 VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
POTENTIAL WITHHOLD OF STATE AID

A condition such as that reported by the finding contained in this audit report may lead to a total withholding of state aid in the future unless that finding is corrected. However, such action may not be considered if sufficient documentation is provided within 60 days to verify compliance with this department's recommendations. Such documentation should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 327 Finance Building, Harrisburg, PA 17120.

GOOD WILL STEAM FIRE ENGINE COMPANY #1 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

Good Will Steam Fire Engine Company #1 Volunteer Firemen's Relief Association Governing  
Body:

**Mr. Kevin Yerger**  
President and Secretary

**Mr. Mike Campeggio**  
Vice President

**Mr. James Smale, Jr.**  
Treasurer

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

**Ms. Virginia L. Takach**  
Secretary  
Pottstown Borough

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).