

COMPLIANCE AUDIT

The Sunbury Volunteer Firemen's Relief Association

Northumberland County, Pennsylvania

For the Period

January 1, 2019, to December 31, 2021

January 2023



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Paul Brown, President
The Sunbury Volunteer Firemen's
Relief Association
Northumberland County

We have conducted a compliance audit of The Sunbury Volunteer Firemen's Relief Association (relief association) for the period January 1, 2019, to December 31, 2021. The audit was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania; Section 403 of The Fiscal Code, 72 P.S. § 403; and the Volunteer Firefighters' Relief Association Act ("VFRA Act"), see 35 Pa.C.S. § 7418.

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.

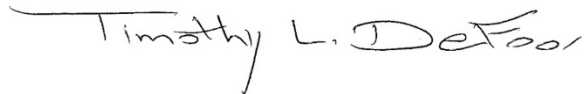
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, 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 portions of investment balances directly from the financial institutions. Therefore, while the relief association provided investment statements that indicated that, as of December 31, 2021, the relief association had an investment balance with a fair value of \$759,975, we were not able to verify portions of this investment balance.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matters described in the preceding paragraph, for the period January 1, 2019, to December 31, 2021:

- The relief association took appropriate corrective action to address the findings 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 to the left of the first letter.

Timothy L. DeFoor
Auditor General
January 11, 2023

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code¹, and the Volunteer Firefighters' Relief Association Act² ("VFRA Act"), 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 Law³ (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.

The VFRA Act 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, the VFRA Act authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by the VFRA Act, 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.

¹ 72 P.S. § 403 (as last amended by Act 44 of 2017).

² 35 Pa.C.S. § 7411 *et seq.* See specifically, 35 Pa.C.S. § 7418 (amended by Act 91 of 2020).

³ 53 P.S. § 895.701 *et seq.* (Act 205 of 1984, as amended by Act 119 of 1990).

BACKGROUND – (Continued)

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

<u>Municipality</u>	<u>County</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Lower Augusta Township	Northumberland	\$ 1,000	\$ 1,000	\$ 1,000
Rockefeller Township	Northumberland	\$ 6,327	\$ 6,385	\$ 5,659
Sunbury City	Northumberland	\$38,750	\$39,228	\$34,989

Based on the relief association’s records, its total cash and investments as of December 31, 2021, were \$789,025, as illustrated below:

Cash	\$ 29,050
Fair Value of Investments	<u>759,975</u>
Total Cash and Investments	<u><u>\$ 789,025</u></u>

BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2019, to December 31, 2021, were \$196,175, 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.⁴ **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	\$	22,696
Relief benefits		854
Tokens of sympathy and goodwill		170
Total Benefit Services	\$	<u>23,720</u>

Fire Services:

Equipment purchased	\$	26,769
Equipment maintenance		37,276
Training expenses		11,798
Fire prevention materials		3,384
Total Fire Services	\$	<u>79,227</u>

Administrative Services:

Bond premiums	\$	1,710
Officer compensation		11,400
Other administrative expenses *		2,291
Total Administrative Services	\$	<u>15,401</u>

Other Expenditures:

Payments on loan	\$	<u>77,827</u>
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Total Expenditures	\$	<u><u>196,175</u></u>
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* A majority of the other administrative expenses represent accounting services totaling \$2,025 in calendar years 2020 and 2021; the balance of the other administrative expenses represents office expenses totaling \$266 for the calendar years 2020 and 2021.

⁴ 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 organizations are separate, legal entities. The relief association is affiliated with the following fire service organizations:

Americus Hose Company

East Sunbury Hose Company No. 1

Friendship Hose Company

Good Will Hose Company

Rescue Hose Company

Sunbury Steam Fire Engine No. 1

THE SUNBURY 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:

- Failure To Maintain A Complete And Accurate Equipment Roster

By maintaining a cumulative inventory roster of all relief association owned equipment.

- Unauthorized Expenditure

By receiving reimbursement of \$11,975 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 findings and recommendations contained in the prior audit report. The relief association management should strive to remain in compliance with all applicable state laws, contracts, bylaws, and administrative procedures.

THE SUNBURY VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Sunbury Volunteer Firemen's Relief Association Governing Body:

Mr. Paul Brown
President

Mr. Dean A. Weirick
Vice President

Mr. Richard Shemory
Secretary

Mr. Daniel E. Saxton
Treasurer

Mr. John Ferrari
Assistant Secretary

Mr. Dean M. Hixson
Assistant Treasurer

THE SUNBURY VOLUNTEER FIREMEN'S 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. Elaine Force
Secretary
Lower Augusta Township

Ms. Julie A. Powell
Secretary
Rockerfeller Township

Ms. Jolinn Barner
Secretary
Sunbury City

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.