

COMPLIANCE AUDIT

Tipton Antis Volunteer Firefighters' Relief Association Blair County, Pennsylvania For the Period January 1, 2015 to March 20, 2017

October 2017



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Ms. Lori Del Biondo,
Municipal Secretary
Antis Township
C/O Tipton Antis Volunteer Firefighters'
Relief Association
Blair County

We have conducted a compliance audit of the former Tipton Antis 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, 2015 to March 20, 2017.

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 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 objectives. We believe that our audit provides a reasonable basis for our conclusions.

We were not able to obtain copies of canceled or imaged checks from the former relief association. While the court appointed attorney for the relief association provided copies of bank statements, the former relief association failed to provide copies of canceled or imaged checks. Without copies of canceled or imaged checks, we were not able to determine whether two former relief association officers authorized and signed the checks as required by Act 118.

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, 2015 to March 20, 2017:

- The former relief association took appropriate corrective action to address two of the three findings contained in our prior audit report. However, the former relief association failed to take appropriate corrective action to address the one remaining finding contained in our prior audit report as further discussed in the Status of Prior Findings section of this 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.

As of June 2, 2016, the Antis Township Supervisors adopted a resolution decertifying the Tipton-Antis Volunteer Fire Company, the former affiliated fire company of the relief association. Consequently, the court appointed a special receiver, the law firm of Haberstroh Sullivan George, LLP, to oversee final dissolution of the former fire company and affiliated relief association. Subsequently, on March 20, 2017, the receiver liquidated the relief association's remaining cash assets in the amount of \$59,080 and deposited these funds into a holding account at the Altoona First Savings Bank in the name of the Tipton Antis Township District 2 Volunteer Fire Company/Haberstroh Sullivan George LLP. Additionally, the receiver was responsible for the auctioning off the remaining equipment of the former relief association along with the former fire company, the proceeds of which were also deposited into this temporary holding account for the purpose of satisfying any remaining outstanding liabilities of the two entities. As of the date of this report, the remaining balance of these funds remains in receivership and will subsequently be transferred to the Bellwood Excelsior Volunteer Firefighters' Relief Association with a portion also going to the Pineroft Volunteer Fire Company Relief Association, which also provides fire services to the township. As such, this report represents the final audit of this former relief association.

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.

Due to the dissolution of the former relief association, although the contents of this report could not be discussed with the former management of this former relief association, a copy of this report was provided to the municipality previously responsible for solely funding this former relief association.

October 18, 2017

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 35Pa.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.

BACKGROUND – (Continued)

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

<u>Municipality</u>	<u>County</u>	<u>2015</u>	<u>2016</u>
Antis Township	Blair	\$12,724	**

**As of June 2, 2016, the Antis Township Supervisors decertified the former affiliated fire department, Tipton Antis Volunteer Fire Company; and thereafter, the relief association did not receive any further state aid allocations. A municipality has discretion in distributing state aid received under Act 205 to any relief association providing fire services for their particular municipality.

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:

Tipton Antis Volunteer Fire Company

TIPTON ANTIS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

- Untimely Deposit of State Aid

By timely depositing all income received during the current audit period.

- Insufficient Surety (Fidelity) Bond Coverage

By increasing the Surety (Fidelity) bond coverage to an amount greater than the balance of the relief association's cash assets.

- Unsecured Loan

We previously recommended that former relief association officials and the former fire company amend the written loan agreement to provide adequate security for the relief association's investment or the loan be liquidated. However, due to the decertification of the former affiliated fire company and dissolution and liquidation of the former relief association's remaining assets and equipment for subsequent distribution to the Bellwood Excelsior and Pineroft Volunteer Fire Company Relief Associations, no further corrective action is required by the former relief association.

TIPTON ANTIS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
SUPPLEMENTARY FINANCIAL INFORMATION
CASH BALANCE
AS OF MARCH 20, 2017

Cash	\$ <u> -</u>
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TIPTON ANTIS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
 SUPPLEMENTARY FINANCIAL INFORMATION
 SUMMARY OF EXPENDITURES
 FOR THE PERIOD JANUARY 1, 2015 TO MARCH 20, 2017

Expenditures:

Fire Services:	
Training	\$ 666
Equipment purchased	28,830
Equipment maintenance	4,021
Total Fire Services	\$ 33,517
Administrative Services:	
Other administrative expenses	33
Bond premiums	250
Total Administrative Services	\$ 283
Other Expenditures:	
*Transfer of monetary assets/dissolution	\$ 59,080
Total Expenditures	\$ 92,880

*Transfer of Monetary Assets/Dissolution of Relief Association:

As of June 2, 2016, the Tipton Antis Volunteer Fire Company was decertified by the Antis Township Supervisors, which led to the dissolution of the former relief association. Consequently, all remaining monetary assets and equipment of the former relief association were liquidated by the receiver and the remaining funds, after expenses, were liquidated to a temporary holding account for subsequent distribution to the Bellwood Excelsior and Pineroft Volunteer Fire Company Relief Associations. Due to the dissolution of the former relief association, we are providing the Municipal Secretary of Antis Township a copy of this final report.

TIPTON ANTIS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

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

Ms. Lori Del Biondo
Secretary
Antis 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.