



MUNCY FIREMEN'S RELIEF ASSOCIATION
LYCOMING COUNTY
COMPLIANCE AUDIT REPORT
FOR THE PERIOD
JANUARY 1, 2009 TO DECEMBER 31, 2012

RELEASED MARCH 2014

COMMONWEALTH OF PENNSYLVANIA
EUGENE A. DEPASQUALE - AUDITOR GENERAL
DEPARTMENT OF THE AUDITOR GENERAL



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Daniel Knapp, President
MUNCY VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION
Lycoming County

We have conducted a compliance audit of the Muncy Volunteer Firefighters' 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, 2009 to December 31, 2012.

We conducted this compliance audit in accordance with *Government Auditing Standards* applicable to performance audits, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives.

The objectives of the audit were:

1. To determine if the volunteer firefighters' relief association took appropriate corrective action to address the findings contained in our prior audit report; and
2. To determine if the volunteer firefighters' relief association received state aid and expended state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws and administrative procedures.

Our audit was limited to the areas related to the objectives identified above.

Volunteer firefighters' relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Muncy Volunteer Firefighters' 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. In conducting our audit, we obtained an understanding of the volunteer firefighters' relief association's internal controls as they relate to the association's compliance with those requirements and that we considered to be significant within the context of the audit objectives, and assessed whether those significant controls were properly designed and implemented. Our audit procedures also included tests of documentary evidence supporting the Muncy Volunteer Firefighters' Relief Association's recorded financial transactions, tests of the physical existence of inventories, interviews of selected officials and direct confirmation of the Muncy Volunteer Firefighters' Relief Association's cash, investments, and certain other assets and liabilities as of December 31, 2012, with the custodians of the funds, debtors, creditors, and financial institutions to the extent necessary to satisfy the audit objectives. Additionally, we performed procedures to provide a reasonable assurance of detecting instances of violations of legal and regulatory requirements or violations of provisions of contracts that are significant within the context of the audit objectives.

The results of our audit, for the period January 1, 2009 to December 31, 2012, found the Muncy Volunteer Firefighters' Relief Association took appropriate corrective action to address one of the six findings contained in our prior audit report. However, the Muncy Volunteer Firefighters' Relief Association failed to take appropriate corrective action to address the remaining five findings contained in our prior audit report, as listed below and discussed in the Status of Prior Findings section of this report. In addition, the results of our audit found the Muncy Volunteer Firefighters' Relief Association did not, in all significant respects, receive state aid and expend state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws and administrative procedures, as noted in the findings listed below and discussed later in this report. Therefore, the Muncy Volunteer Firefighters' Relief Association will be subject to the potential withhold of its upcoming state aid distribution, as discussed in the Potential Withhold of State Aid section of this report. The results of our tests also indicated the Muncy Volunteer Firefighters' Relief Association expended funds as presented in the Accompanying Expenditure Information and, as of December 31, 2012, had a cash balance of \$35,979 and an investment balance with a fair value of \$67,907.

Finding No. 1 – Noncompliance with Prior Audit Recommendation –
Inadequate Financial Record-Keeping System

Finding No. 2 – Noncompliance with Prior Audit Recommendation –
Inadequate Minutes of Meetings

Finding No. 3 – Noncompliance with Prior Audit Recommendation –
Undocumented Expenditures

Finding No. 4 – Noncompliance with Prior Audit Recommendation –
Inadequate Signatory for the Disbursement of Funds

Finding No. 5 – Noncompliance with Prior Audit Recommendation –
Failure to Maintain a Complete and Accurate Equipment Roster

Finding No. 6 – Failure to Comply with Tax Equity and Fiscal Responsibility

The contents of this report were discussed with the management of the Muncy Volunteer Firefighters' Relief Association and, where appropriate, their responses have been included in the report.

September 25, 2013



EUGENE A. DEPASQUALE
Auditor General

CONTENTS

| | |
|---|----|
| Background..... | 1 |
| Status of Prior Findings | 3 |
| Findings and Recommendations: | |
| Finding No. 1 – Noncompliance With Prior Audit Recommendation – Inadequate Financial Record-Keeping System | 4 |
| Finding No. 2 – Noncompliance With Prior Audit Recommendation – Inadequate Minutes of Meetings | 6 |
| Finding No. 3 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures | 7 |
| Finding No. 4 – Noncompliance With Prior Audit Recommendation – Inadequate Signatory Authority for the Disbursement of Funds | 9 |
| Finding No. 5 – Noncompliance With Prior Audit Recommendation – Failure to Maintain a Complete and Accurate Equipment Roster | 11 |
| Finding No. 6 – Failure to Comply With the Tax Equity and Fiscal Responsibility Act .. | 13 |
| Potential Withhold of State Aid..... | 14 |
| Accompanying Expenditure Information | 15 |
| Report Distribution List | 16 |

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 Muncy Firemen's Relief Association, herein referred to as Muncy Volunteer Firefighters' 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 the volunteer firefighters' relief association. The relief association's bylaws define the specific operational procedures by which the volunteer firefighters' relief association conducts 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 the volunteer firefighters' relief association 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, which is or are recognized as providing the service to the municipality.

BACKGROUND (Continued)

The Muncy Volunteer Firefighters' Relief Association was allocated state aid from the following municipalities:

| <u>Municipality</u> | <u>County</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|----------------------|---------------|-------------|-------------|-------------|-------------|
| Moreland Township | Lycoming | * | * | * | \$ 3,020 |
| Muncy Borough | Lycoming | \$14,121 | \$15,894 | \$22,908 | \$12,914 |
| Muncy Creek Township | Lycoming | * | * | * | \$20,430 |
| Anthony Township | Montour | * | * | * | \$ 1,720 |

*The municipality did not give state aid to Muncy Volunteer Firefighters' Relief Association in 2009, 2010 and 2011. Municipalities have full discretion in distributing the state aid to relief associations of their choice.

Effective October 2, 2012, another relief association, the Muncy Creek Volunteer Firefighters' Relief Association dissolved and merged with the Muncy Volunteer Firefighters' Relief Association. As a result of the dissolution and merger, monetary assets and equipment inventories of the former of Muncy Creek Volunteer Firefighters' Relief Association were transferred to the Muncy Volunteer Firefighters' Relief Association.

The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The Muncy Volunteer Firefighters' Relief Association is affiliated with the following fire service organization:

Muncy Area Volunteer Fire Company

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The Muncy Volunteer Firefighters' Relief Association has complied with the following prior audit finding and recommendation:

- Failure to Maintain a Complete and Accurate Membership Roster

By maintaining a comprehensive listing of the relief association membership.

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The Muncy Volunteer Firefighters' Relief Association has not complied with five of the six prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

- Noncompliance With Prior Audit Recommendation –
Inadequate Financial Record-Keeping
- Noncompliance With Prior Audit Recommendation –
Inadequate Minutes of Meetings
- Noncompliance With Prior Audit Recommendation –
Undocumented Expenditures

The Muncy Volunteer Firefighters' Relief Association received reimbursement from the Keystone Hook & Ladder Company, in the amount of \$5,628, for the undocumented expenditures that were made during the prior audit period. However, relief association officials made additional undocumented expenditures during the current audit period.

- Noncompliance With Prior Audit Recommendation –
Inadequate Signatory for the Disbursement of Funds
- Noncompliance With Prior Audit Recommendation –
Failure to Maintain a Complete and Accurate Equipment Roster

We are concerned with the volunteer firefighters' relief association's failure to correct these previously reported audit findings. The association management should strive to implement the recommendations and corrective actions noted in this audit report.

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Noncompliance With Prior Audit Recommendation –
Inadequate Financial Record-Keeping System

Condition: As cited in our prior audit report, the relief association's financial record-keeping system did not provide effective control over cash receipts, disbursements, and monetary assets, and does not meet the minimum requirements of maintaining financial records established by this department. The following are the noted deficiencies:

- A journal was not maintained to record the receipts and disbursements of the relief association;
- Ledgers were not utilized to record the transactions of the relief association accounts; and
- Documentation to support various expenditures was not available for examination at the time of the audit. (See Finding No. 3)

Criteria: Act 118 at 35 Pa.C.S. § 7415(a) states:

A volunteer firefighters' relief association may be a body corporate, governed by a charter and bylaws or an unincorporated association of individuals governed by bylaws and a constitution. In either case, it must provide for taking and preserving minutes of all meetings and maintenance of such books of account as may be necessary and appropriate to afford a permanent record of its fiscal affairs.

In addition, an adequate system of accounting and record keeping is a prerequisite for sound administration of relief association assets.

Cause: Even though notified of this condition during our prior audit, relief association officials neglected their various record-keeping responsibilities. During the current audit period, the relief association experienced a change in officers.

Effect: The failure of relief association officials to maintain adequate records prohibits the membership from effectively monitoring the relief association's financial operations. Furthermore, this continued failure to maintain adequate records may lead to a total withholding of state aid, as detailed on page 14 of this report.

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 1 – (Continued)

Recommendation: We, again, recommend the relief association establish and maintain a financial record-keeping system that meets the minimum record-keeping requirements of this department. 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.

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 2 – Noncompliance With Prior Audit Recommendation –
Inadequate Minutes of Meetings

Condition: As cited in our prior audit report, the relief association failed to maintain detailed minutes of meetings as required by Act 118. Specifically, the relief association's minutes did not address all of the financial-related transactions that occurred during the audit period. In addition, the meeting minutes were combined with another relief association due to the organizations being in the process of merging.

Criteria: Act 118 at 35 Pa.C.S. § 7415(a) states, in part, that the relief association:

. . . must provide for taking and preserving minutes of all meetings and maintenance of such books of account as may be necessary and appropriate to afford a permanent record of its fiscal affairs.

Cause: While notified of this condition during our prior audit, relief association officials, again, neglected to maintain detailed minutes of meetings as required by Act 118. Relief association management indicated that changes in officers affected the financial information provided at the association meetings. Also, the process of merging the relief associations contributed to the above condition.

Effect: Without detailed minutes of meetings, evidence that relief association business was presented before the membership for approval does not exist. Furthermore, this continued failure to maintain detailed meeting minutes in accordance with Act 118 may lead to a total withholding of state aid, as detailed on page 14 of this report.

Recommendation: We, again, recommend the relief association maintain detailed minutes of meetings, evidencing the discussion and approval of all financial-related business conducted by the relief association. 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.

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 3 – Noncompliance With Prior Audit Recommendation –
Undocumented Expenditures

Condition: As cited in the Status of Prior Findings section of this report, the relief association again, was unable to provide adequate supporting documentation for expenditures. The following expenditures made during the current audit period lacked appropriate supporting documentation:

| <u>Date</u> | <u>Check No.</u> | <u>Payee Description</u> | <u>Amount</u> |
|-------------|------------------|--------------------------|-----------------|
| 01/24/10 | 1462 | Community college | \$ 1,125 |
| 03/16/10 | 1464 | Local government | 150 |
| 04/26/10 | 1466 | Vendor | 1,500 |
| 04/26/10 | 1467 | Community college | 140 |
| 12/17/10 | 1485 | Community college | 700 |
| 09/27/11 | 1491 | Community college | 800 |
| 07/28/12 | 1498 | Community college | 375 |
| 08/08/12 | 1500 | Vendor | 120 |
| 08/13/12 | 1501 | Vendor | 154 |
| 08/21/12 | 1506 | Local government | 450 |
| 08/21/12 | 1507 | Community college | 300 |
| 10/17/12 | 1519 | Community college | 175 |
| 12/18/12 | 1524 | Community college | 150 |
| Total | | | <u>\$ 6,139</u> |

Criteria: Act 118 at 35 Pa.C.S. § 7418(a) states:

The Office of Auditor General shall have the power and its duty shall be to audit the accounts and records of every volunteer firefighters' relief association receiving money under Chapter 7 of the Act of December 18, 1984 (P.L. 1005, No. 205), [FN1] known as the Municipal Pension Plan Funding Standard and Recovery Act, as far as may be necessary to satisfy the Auditor General that the money received was or is being expended for no purpose other than that authorized by this subchapter. Copies of all audits shall be furnished to the Governor.

Without adequate supporting documentation, such as invoices and training certificates, this department is unable to determine whether relief association funds were expended for purposes authorized by Act 118. Furthermore, prudent business practice dictates that supporting documentation be maintained to evidence the propriety of all financial transactions.

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 3 – (Continued)

Cause: Even though notified of this condition during our prior audit, relief association officials, again, neglected to establish adequate internal control procedures to ensure supporting documentation is maintained for all expenditures.

Effect: Lack of supporting documentation, such as invoices and training certificates, made it impossible to determine if the expenditures were made in accordance with Act 118 at 35 Pa.C.S. § 7416(f). In addition, the failure to maintain adequate supporting documentation for relief association expenditures can lead to an increased risk of errors occurring and funds being misappropriated. Furthermore, this continued failure to maintain adequate supporting documentation for relief association expenditures may lead to a total withholding of state aid, as detailed on page 14 of this report.

Recommendation: We, again, recommend the relief association provide this department with adequate supporting documentation, such as invoices and training certificates, to evidence the validity of the expenditures or that the relief association be reimbursed \$6,139 for the undocumented expenditures. We also recommend that the relief association officials maintain supporting documentation for all future expenditures. 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.

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 4 – Noncompliance With Prior Audit Recommendation –
Inadequate Signatory Authority for the Disbursement of Funds

Condition: As cited in our prior audit report, we identified checks drawn on the relief association's checking account that only contained the signature of one of the officers, and that of another individual who was not a relief association officer. During the current audit period, we again, identified 45 checks out of 79 checks drawn that only contained the signature of one of the officers, and that of another individual who was not a relief association officer. Issuing checks with the signature of only one officer negates the relief association's internal control over the disbursement process.

Criteria: Act 118 at 35 Pa.C.S. § 7415(c)(3) states, in part:

The bylaws shall require that the signatures of at least two officers, one of whom shall be the disbursing officer, shall be required to bind the association by formal contract or to issue a negotiable instrument.

In addition, Article VII, Section 1 of the relief association's bylaws states:

“The signature of two of the following: either the Treasurer, President and/or Vice President, shall be required for the issuance of relief association checks,...or any other negotiable instrument issued by the association.

Furthermore, prudent business practice dictates that the relief association have sufficient internal control procedures in place to ensure the signatures of at least two relief association officials are included on all negotiable instruments. Adequate internal control procedures require that checks be signed only after the propriety of the expenditures have been determined and the payee, date, and amount to be paid has been confirmed. Additionally, responsible relief association officers should compare this information with supporting documentation, such as invoices, contract, etc., prior to approving the checks.

Cause: Even though notified of this condition during our prior audit, relief association officials, again, neglected to establish adequate internal control procedures which require the signatures of at least two officers on all negotiable instruments.

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 4- (Continued):

Effect: As a result of the relief association officer issuing checks that only contained the signature of one officer and the signature of another individual who was not an officer, assets were placed at greater risk as expenditures were being made without a second relief association officer having the opportunity to verify the propriety of the expenditures. The application of a second officer's signature, after evaluating the propriety of the expenditure, reduces the risk for errors occurring and going undetected, and reduces the risk of misappropriation. Furthermore, the continued failure to ensure that the signatures of at least two officers, one of whom shall be the disbursing officer, are included on all relief association negotiable instruments as defined by Act 118 may lead to a total withholding of state aid, as detailed on page 14 of this report.

Recommendation: We again, recommend the relief association officials establish adequate internal control procedures to ensure that the signatures of at least two officers, one of whom shall be the disbursing officer, are included on all relief association negotiable instruments as defined by Act 118. 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.

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 5 – Noncompliance With Prior Audit Recommendation –
Failure to Maintain a Complete and Accurate Equipment Roster

Condition: As cited in our prior audit report, relief association officials again, failed to maintain a complete and accurate roster of equipment owned by the relief association. Although relief association officials did provide an equipment roster during the current audit period, the roster did not include the cost of the equipment items purchased, nor serial numbers, where applicable. Also, the roster had not been updated to include equipment received by the relief association due to a merger with the Muncy Creek Volunteer firefighter's Relief Association. Equipment purchases made during the current audit period totaled \$105,987. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis, nor whether such inventory accounted for all of the relief association's equipment.

Criteria: Prudent business practice dictates the relief association should establish adequate internal control procedures to ensure the maintenance of a cumulative equipment roster of all items purchased by the relief association in order to provide an effective accounting control over the relief association's owned equipment. A cumulative equipment roster of all relief association equipment should include the following:

- Types of equipment purchased;
- Dates of purchase;
- Unit costs;
- Names of suppliers;
- Serial numbers, if applicable;
- Current locations of items;
- Final dispositions of sold or damaged equipment; and
- Evidence of the performance and results of an annual physical inventory.

Cause: Even though notified of this condition during our prior audit, relief association officials, again, neglected to establish adequate internal control procedures over equipment requiring the maintenance of a cumulative equipment roster and the performance of an annual physical inventory of equipment.

Effect: The failure to properly record equipment purchases in a detailed equipment roster prevents officials from effectively monitoring the relief association's equipment purchases. In addition, the failure to maintain a detailed equipment roster and perform an annual physical inventory of equipment prevents adequate accountability for, and safeguarding of, relief association equipment. Furthermore, the continued failure to maintain a complete and accurate roster of equipment owned by the relief association may lead to a total withholding of state aid, as detailed on page 14 of this report.

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 5 – (Continued)

Recommendation: We, again, recommend the relief association officials maintain a cumulative equipment roster of all relief association owned equipment. Furthermore, the relief association should ensure it performs an annual physical inventory of all operable equipment and that the completion of the inventory be sufficiently documented. 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

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 6 – Failure to Comply With the Tax Equity and Fiscal Responsibility Act

Condition: The relief association failed to comply with the Tax Equity and Fiscal Responsibility Act by not furnishing its federal tax identification number in the financial institution in which the relief association maintains its funds.

Criteria: All businesses, profit and nonprofit, are required to provide their tax identification number to any financial institution where funds are earning interest. If a tax identification number is not provided, the financial institution is required to withhold 31 percent of interest earned and transmit these funds to the Internal Revenue Service.

Cause: Relief association officials were unaware the financial institution was not using the relief association's federal tax identification number to identify the relief association's accounts.

Effect: The failure to comply with the Tax Equity and Fiscal Responsibility Act has caused the relief association to lose interest income that would otherwise be available for general operating expenditures or for investment purposes. Furthermore, this failure to comply with the Tax Equity and Fiscal Responsibility Act may lead to a total withholding of state aid, as detailed on page 14 of this report

Recommendation: We recommend the relief association immediately furnish the financial institution with its federal tax identification number and apply to the Internal Revenue Service for a refund of income previously withheld. 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.

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
POTENTIAL WITHHOLD OF STATE AID

Conditions such as those reported in Finding No. 1 through Finding No. 6 contained in this report may lead to a total withholding of state aid in the future unless those findings are corrected. However, such action will not be taken if sufficient documentation is provided within 60 days to evidence compliance with this department's recommendations. Such documentation should be submitted by the volunteer firefighters' relief association to: Department of the Auditor General, Bureau of Firefighters' Relief Association Audits, Room 316-D Finance Building, Harrisburg, PA 17120.

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
 ACCOMPANYING EXPENDITURE INFORMATION
 FOR THE PERIOD JANUARY 1, 2009 TO DECEMBER 31, 2012

Act 118 at 35 Pa.C.S. § 7412 states: a volunteer firefighters' relief association is an organization formed primarily for the purpose of affording financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. The organization may contain within its membership the members of one or more fire companies and may serve secondary purposes, as set forth in this subchapter, but only if adequate provisions have been first made to serve the primary purpose.

Act 118 at 35 Pa.C.S. § 7416 authorizes the investment of relief association funds and outlines the types of benefits and services that can be provided with volunteer firefighters' relief association funds.

Furthermore, all expenditures must be properly authorized as prescribed in the volunteer firefighters' relief association bylaws and approved at an association meeting.

USES OF FUNDS:

| | |
|---------------------------------------|-----------|
| Benefit Services: | |
| Insurance premiums | \$ 20,786 |
| Total Benefit Services | \$ 20,786 |
| | |
| Fire Services: | |
| Equipment purchased | \$ 81,391 |
| Equipment maintenance | 1,975 |
| Training expenses | 423 |
| Total Fire Services | \$ 83,789 |
| | |
| Administrative Services: | |
| Miscellaneous administrative expenses | \$ 139 |
| Total Administrative Services | \$ 139 |
| | |
| Other Expenditures: | |
| Undocumented expenditures | \$ 6,139 |
| Total Other Expenditures | \$ 6,139 |

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
ACCOMPANYING EXPENDITURE INFORMATION (Continued)
FOR THE PERIOD JANUARY 1, 2009 TO DECEMBER 31, 2012

During 2011, the membership of the Muncy Creek Volunteer Firefighters' Relief Association voted to approve the dissolution of their relief association and the subsequent merger and transfer of assets to the Muncy Volunteer Firefighters' Relief Association. Effective October 2, 2012, the Muncy Creek Volunteer Firefighters' Relief Association completed the process of dissolution by transferring ownership of its equipment inventory and monetary assets to the Muncy Volunteer Firefighters' Relief Association.

MUNCY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania

Muncy Volunteer Firefighters' Relief Association Governing Body:

Mr. Daniel Knapp, President

Mr. Kevin Rupert, Vice President

Ms. Misty Flock, Secretary

Ms. Alice Girven, Treasurer

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

Ms. Susan J. Liuzza, Secretary
Moreland Township

Ms. Tara Ashby, Secretary
Muncy Borough

Ms. Cindy Newcomer, Secretary
Muncy Creek Township

Ms. Penny Jo Rishel, Secretary
Anthony Township

This report is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.