



HARTSTOWN VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION

HEREIN REFERRED TO AS:

HARTSTOWN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION

CRAWFORD COUNTY

COMPLIANCE AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2004 TO MAY 30, 2006



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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, Act of June 11, 1968, (P.L. 149, No. 84), as amended, 53 P.S. § 8501 et seq. (commonly referred to as Act 84), 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 Hartstown Volunteer Firefighters' 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 84 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 84 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by Act 84, 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. The Hartstown Volunteer Firefighters' Relief Association was allocated state aid from the following municipality:

<u>Municipality</u>	<u>County</u>	<u>2004</u>	<u>2005</u>
West Fallowfield Township	Crawford	\$3,149	\$3,469

BACKGROUND (Continued)

As of May 30, 2006, the Hartstown Volunteer Firefighters' Relief Association dissolved its organization. Thereafter, it did not receive any further state aid allocations (see Accompanying Expenditure Information).

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

Hartstown Volunteer Fire Department

Ms. Pat Yallum, Treasurer
HARTSTOWN VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION
Crawford County

We have conducted a compliance audit of the Hartstown 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, Act of June 11, 1968, (P.L. 149, No. 84), as amended, 53 P.S. § 8501 et seq. (commonly referred to as Act 84), for the period January 1, 2004 to May 30, 2006. The audit was conducted in accordance with *Government Auditing Standards* applicable to performance audits, issued by the Comptroller General of the United States.

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 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 Hartstown Volunteer Firefighters' Relief Association's administration of state aid and accumulated 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 applicable state laws, contracts, bylaws and administrative procedures significant within the context of the audit objectives. We also tested transactions based on the availability of supporting documentation and confirmed the closing of the Hartstown Volunteer Firefighters' Relief Association's cash account as of May 30, 2006, with the custodian of the funds.

On May 30, 2006, the remaining monetary assets were transferred to the Fallowfield Fire and Rescue Relief Association due to the dissolution of the Hartstown Volunteer Firefighters' Relief Association (see Accompanying Expenditure Information).

The results of our audit found that for the period January 1, 2004 to May 30, 2006, the Hartstown Volunteer Firefighters' Relief Association expended funds as presented in the accompanying information. Additionally, the results of our tests indicated that, in all significant respects, the Hartstown Volunteer Firefighters' Relief Association received and expended state aid and accumulated relief association funds in compliance with applicable state laws, contracts, bylaws and administrative procedures, except as noted in the following finding discussed later in this report:

Finding – Failure to Maintain Minutes of Meetings

We were unable to discuss the contents of this report with the former management officials of the Hartstown Volunteer Firefighters' Relief Association due to the dissolution of the relief association.

May 11, 2007

JACK WAGNER
Auditor General

HARTSTOWN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The Hartstown Volunteer Firefighters' Relief Association complied with the following prior audit findings and recommendations:

- Unauthorized Expenditures

By receiving various reimbursements from the affiliated fire company, during the current audit period, which included \$1,538 due to the relief association for fire company siren repairs and trash hauling services, which were considered unauthorized expenditures in the prior financial period.

- Undocumented Expenditures

By receiving various reimbursements from the affiliated fire company, during the current audit period, which included \$4,479 due to the relief association for the undocumented expenditures that were made in the prior financial period.

- Inappropriate Ownership of a Rescue Vehicle and Failure to Secure Proportionate Share of Proceeds from Sale of Rescue Vehicle

By receiving various reimbursements from the affiliated fire company, during the current audit period, which included \$2,000 due to the relief association for the relief association's proportionate share of the jointly owned rescue vehicle.

HARTSTOWN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – Failure to Maintain Minutes of Meetings

Condition: During the current audit, minutes of meetings were not available for examination although minutes of meetings were required by Act 84. As such, we were unable to determine if relief association business that occurred during the current financial period was presented before the membership for approval.

Criteria: Act 84 at 53 P.S. § 8505(a) states, in part, that the relief association:

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

In addition, Article III, Section 3, of the relief association's bylaws states:

Separate minutes and financial records shall be kept by the Secretary and Financial Secretary-Treasurer for Relief Association business.

Cause: Relief association officials were not available at the time of the audit to explain why minutes of meetings were not available for examination.

Effect: The failure to examine minutes of meetings prevented the verification as to whether relief association business was presented before the membership for approval.

Recommendation: No recommendation is deemed necessary due to the dissolution of the Hartstown Volunteer Firefighter's Relief Association and the transfer of assets to the Fallowfield Fire and Rescue Relief Association. We are providing officials of the Fallowfield Fire and Rescue Relief Association with a copy of this report so that they are aware of the conditions that were detected at the Hartstown Volunteer Firefighters' Relief Association during the course of the audit.

Management's Response: Management of the Hartstown Volunteer Firefighters' Relief Association was not available for an audit exit conference due to the dissolution of the relief association.

HARTSTOWN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
 ACCOMPANYING EXPENDITURE INFORMATION
 FOR THE PERIOD JANUARY 1, 2004 TO MAY 30, 2006

Act 84 at 53 P.S. § 8502(1) states, in part, that:

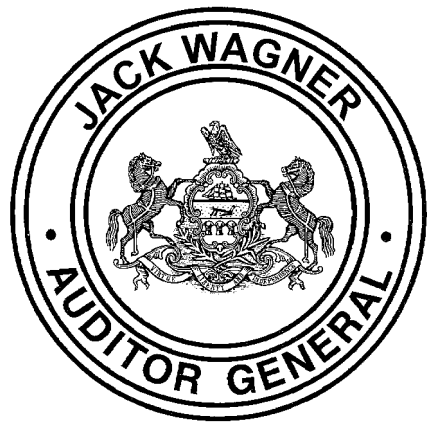
A volunteer firefighters' relief association is an organization formed primarily for the purpose of affording financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. Such an association may also serve other purposes, . . . provided only that adequate provisions be first made to serve its primary purpose. . . .

Act 84 at 53 P.S. § 8506, 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. 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	\$ 7,516
Total Benefit Services	\$ 7,516
Fire Services:	
Equipment purchased	\$ 13,189
Equipment maintenance	179
Training expenses	462
Total Fire Services	\$ 13,830
Administrative Services:	
Miscellaneous administrative expenses	\$ 15
Total Administrative Services	\$ 15
Other Expenditures:	
Transfer of monetary assets to Fallowfield Fire and Recue Relief Association*	\$ 1,770
Total Other Expenditures	\$ 1,770

* During the year 2006, the membership of the Hartstown Volunteer Firefighters' Relief Association approved the dissolution of their relief association and the subsequent transfer of assets to Fallowfield Fire and Rescue Relief Association. Effective May 30, 2006, the Hartstown Volunteer Firefighters' Relief Association completed the process of dissolution by transferring its remaining monetary assets, in the amount of \$1,770, to Fallowfield Fire and Rescue Relief Association.



HARTSTOWN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania

Hartstown Volunteer Firefighters' Relief Association Officer:

Ms. Pat Yallum, Treasurer

Fallowfield Fire and Rescue Company Volunteer Firefighters'
Relief Association Officers:

Mr. Robert J. Wyant, President

Ms. Joy Tribley, Secretary

Ms. Arvilla Baird, Treasurer

Reports were also distributed to each municipality, which allocated foreign fire insurance tax monies to this relief association.

Ms. Brenda L. Williams, Secretary
West Fallowfield Township

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.