

COMPLIANCE AUDIT

Elderton District Volunteer Fire Company Relief Association Armstrong County, Pennsylvania For the Period January 1, 2018 to December 31, 2020

May 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Ronald Kepple, President
Elderton District Volunteer Fire
Company Relief Association
Armstrong County

We have conducted a compliance audit of the Elderton District Volunteer Fire Company 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, 2018 to December 31, 2020.

The objectives of the audit were:

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

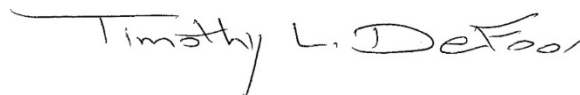
Our audit was limited to the areas related to the objectives identified above and was not, nor was it required to be, conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

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.

Based on our audit procedures, we conclude that, for the period January 1, 2018 to December 31, 2020:

- The relief association took appropriate corrective action to address the finding 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

May 4, 2021

CONTENTS

	<u>Page</u>
Background	1
Status of Prior Finding	4
Report Distribution List	5

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.

BACKGROUND – (Continued)

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

<u>Municipality</u>	<u>County</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Atwood Borough	Armstrong	\$ 300	\$ 300	\$ 300
Elderton Borough	Armstrong	\$ 1,643	\$ 1,724	\$ 1,745
Plumcreek Township	Armstrong	\$11,903	\$13,000	\$13,070
South Bend Township	Armstrong	\$ 5,232	\$ 5,680	\$ 5,725
Armstrong Township	Indiana	\$ 6,055	\$ 6,578	\$ 6,632
Shelocta Borough	Indiana	\$ 509*	\$ 572	\$ 578
Washington Township	Indiana	\$ 292	\$ 304	\$ 306

* Although Shelocta Borough prepared and returned a Certification Form AG 385 for 2018, it was determined through our audit that the borough did not allocate the 2018 state aid allocation to the relief association. The foreign fire insurance tax allocation was distributed to the municipal treasurer on September 17, 2018; however, as a result of our audit, this state aid was not forwarded to the relief association until March 31, 2021, which is not within 60 days of receipt, as required by Section 706 (b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205). The borough allocated \$509 to the relief association and submitted the 2018 Receipt And distribution Of Foreign Fire Insurance Premium Tax Form 706-B to this department as required by the instructions accompanying Form 706-B and the 2018 state aid allocation received by the borough disclosing this information. Upon receipt of the state aid allocation, the relief association deposited the funds, on April 8, 2021, into a relief association account.

Based on the relief association’s records, its total cash and investments as of December 31, 2020 were \$111,890, as illustrated below:

Cash	\$ 42,969
Fair Value of Investments	<u>68,921</u>
Total Cash and Investments	<u>\$ 111,890</u>

BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2018 to December 31, 2021 were \$85,583, 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.¹ **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	\$ 28,441
--------------------	-----------

Fire Services:

Equipment purchased	\$ 15,487
---------------------	-----------

Equipment maintenance	2,073
-----------------------	-------

Training expenses	4,950
-------------------	-------

Total Fire Services	<u>\$ 22,510</u>
---------------------	------------------

Administrative Services:

Other administrative expenses	\$ 34
-------------------------------	-------

Bond premiums	486
---------------	-----

Total Administrative Services	<u>\$ 520</u>
-------------------------------	---------------

Other Expenditures:

Payments on loan	<u>\$ 34,112</u>
------------------	------------------

Total Expenditures	<u><u>\$ 85,583</u></u>
--------------------	-------------------------

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:

Elderton District Volunteer Fire Company

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

ELDERTON DISTRICT VOLUNTEER FIRE COMPANY RELIEF ASSOCIATION
STATUS OF PRIOR FINDING

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has complied with the prior audit finding and recommendation, as follows:

- Untimely Receipt And Deposit Of State Aid

By timely depositing all income received.

We commend the relief association management for its efforts in complying with the finding and recommendation contained in the prior audit report. The association management should strive to remain in compliance with all applicable state laws, contracts, bylaws and administrative procedures.

ELDERTON DISTRICT VOLUNTEER FIRE COMPANY RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Elderton District Volunteer Fire Company Relief Association Governing Body:

Mr. Ronald Kepple
President

Mr. Tyler Fulmer
Treasurer

ELDERTON DISTRICT VOLUNTEER FIRE COMPANY 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. Carol Parks
Secretary
Atwood Borough

Ms. Jennifer D. Redick
Secretary
Elderton Borough

Ms. Linda McKissick
Secretary
Plumcreek Township

Ms. Kimberly A. Anderson
Secretary
South Bend Township

Ms. Patricia L. George
Secretary
Armstrong Township

Ms. Debra Reed
Secretary
Shelocta Borough

Ms. Jill A. Kunkle
Secretary
Washington 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.