

# COMPLIANCE AUDIT

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## Cheswick Volunteer Firemen's Relief Association

Allegheny County, Pennsylvania

For the Period

January 1, 2019, to November 28, 2022

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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. Shawn Krebs, Vice President  
Cheswick Volunteer Firemen's  
Relief Association  
Allegheny County

We have conducted a compliance audit of the former Cheswick Volunteer Firemen's Relief Association (relief association) for the period January 1, 2019, to November 28, 2022. 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 objective of the audit was 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 objective 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.

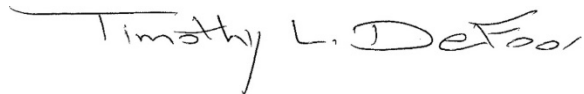
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, 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 an independent confirmation of the cash balance directly from the financial institution. Therefore, while the former relief association provided bank statements that indicated that, as of August 23, 2022, the relief association had a cash balance of \$0, we were not able to verify this cash balance.

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, 2019, to November 28, 2022, 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.

In addition, as of November 28, 2022, the former relief association completed the process of dissolution and merged into the Allegheny Valley Volunteer Fire Company Relief Association of Harmar and Springdale Townships, which retained the same name. Consequently, all remaining monetary assets and equipment were transferred to the Allegheny Valley Volunteer Fire Company Relief Association of Harmar and Springdale Townships.

The contents of this report were discussed with the management of the former relief association. We would like to thank former 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 horizontal line above the first name.

Timothy L. DeFoor  
Auditor General  
December 23, 2022

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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<sup>1</sup>, and the Volunteer Firefighters' Relief Association Act<sup>2</sup> ("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 Law<sup>3</sup> (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.

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.

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

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

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

**BACKGROUND – (Continued)**

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

<u>Municipality</u>	<u>County</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Cheswick Borough	Allegheny	\$8,804	\$8,904	\$7,959	*

\* During the current audit period, the former relief association did not receive an allocation of state aid from Cheswick Borough in 2022 due to the merger. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

As of November 28, 2022, the former relief association dissolved its organization. Thereafter, it did not receive any further state aid allocations.

Based on the relief association’s records, its total cash and investments as of November 28, 2022, were \$0, as illustrated below:

Cash	\$	0
Fair Value of Investments		<u>0</u>
Total Cash and Investments	\$	<u><u>0</u></u>

## BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2019, to November 28, 2022, were \$73,996, 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.<sup>4</sup> **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	\$	36,805
Death benefits		7,500
Tokens of sympathy and goodwill		411
Total Benefit Services	\$	<u>44,716</u>

#### Fire Services:

Equipment purchased	\$	8,200
Equipment maintenance		7,285
Training expenses		916
Fire prevention materials		381
Total Fire Services	\$	<u>16,782</u>

#### Administrative Services:

Bond premiums	\$	822
Officer compensation		800
Other administrative expenses		306
Total Administrative Services	\$	<u>1,928</u>

#### Other Expenditures:

Transfer of monetary assets *	\$	<u>10,570</u>
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Total Expenditures	\$	<u><u>73,996</u></u>
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\* Transfer of Monetary Assets/Dissolution of Relief Association.

<sup>4</sup> Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

## **BACKGROUND – (Continued)**

As of November 28, 2022, the former relief association completed the process of dissolution and merged into the Allegheny Valley Volunteer Fire Company Relief Association of Harmar and Springdale Townships, which retained the same name. Consequently, all remaining monetary assets and equipment were transferred to the Allegheny Valley Volunteer Fire Company Relief Association of Harmar and Springdale Townships. Due to the dissolution of the former relief association, we are providing officials of Allegheny Valley Volunteer Fire Company Relief Association of Harmar and Springdale Townships copies of this report.

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.

Cheswick Volunteer Fire Company



CHESWICK 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

Cheswick Volunteer Firemen's Relief Association Governing Body:

**Mr. Shawn Krebs**  
Vice President

**Ms. Lorraine Zebrine**  
Secretary

**Mr. Paul Jack**  
Treasurer

Allegheny Valley Volunteer Fire Company Relief Association of Harmar and Springdale  
Townships Governing Body:

**Mr. Joseph Luera**  
President

**Mr. Charles Miller**  
Vice President

**Mr. Levi Baer**  
Secretary

**Ms. Sandy Benson**  
Treasurer

CHESWICK VOLUNTEER FIREMEN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

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

**Ms. Lorraine Zebrine**  
Secretary  
Cheswick Borough

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).