

COMPLIANCE AUDIT

Lake City Firefighter's Relief Association of the State of Pennsylvania

Erie County

For the Period

January 1, 2018 to December 31, 2019

June 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Steve Knapp, President
Lake City Firefighter's Relief Association
of the State of Pennsylvania
Erie County

We have conducted a compliance audit of the Lake City Firefighter's Relief Association of the State of Pennsylvania (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, 2019.

The objectives of the audit were:

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

Based on our audit procedures, we conclude that for the period January 1, 2018 to December 31, 2019:

- The relief association did not take appropriate corrective action to address the findings contained in our prior audit report, as detailed below and discussed in the Status of Prior Findings section of this report.
- Because of the significance of the matters described in the findings below and discussed later in this report, the relief association did not, in all significant respects, comply 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, collectively as a whole. Therefore, the relief association may be subject to the potential withholding of its upcoming state aid distribution, as discussed in the Potential Withhold of State Aid section of this report.

Finding No. 1 – Noncompliance With Prior Audit Recommendation –
Undocumented Expenditures

Finding No. 2 – Noncompliance With Prior Audit Recommendation –
Unsecured Loan

Finding No. 3 – Unauthorized Expenditures And Withdrawals Due To Potential
Misappropriation Of Funds

Finding No. 4 – Unauthorized Expenditure

The four findings contained in this report cite conditions that existed in the operation of the relief association during the current audit period. We are concerned by the number of findings noted and strongly encourage timely implementation of the recommendations noted in this audit report.

Our department cooperated in an investigation by the Lake City Police Department into alleged illegal activities regarding the relief association. The results and findings of this audit report have been forwarded to the police department for its review and whatever further action it may deem appropriate and necessary.

We are also providing a copy of the audit report to the Erie County, Pennsylvania District Attorney's Office to determine whether any criminal laws have been violated and/or for whatever action it may deem appropriate and necessary.

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.

The contents of this report were discussed with the management of the relief association and, where appropriate, their responses have been included in the report. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

May 28, 2020

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

EUGENE A. DEPASQUALE
Auditor General

CONTENTS

	<u>Page</u>
Background.....	1
Status of Prior Findings	3
Findings and Recommendations:	
Finding No. 1 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures	4
Finding No. 2 – Noncompliance With Prior Audit Recommendation – Unsecured Loan.....	7
Finding No. 3 – Unauthorized Expenditures Due To Potential Misappropriation Of Funds.....	8
Finding No. 4 – Unauthorized Expenditure	11
Potential Withhold of State Aid.....	13
Supplementary Financial Information	14
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 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>
Girard Township	Erie	\$ 7,962	\$ 8,637
Lake City Borough	Erie	\$12,189	\$13,223

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:

Lake City Fire Company

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
STATUS OF PRIOR FINDINGS

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has not complied with the following prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

- Undocumented Expenditures

Subsequent to the audit period under review on March 17, 2020, the relief association received reimbursement of \$4,521 from the affiliated fire company for the undocumented expenditures that were made in the prior audit period. The relief association again failed to provide adequate documentation to support all expenditures in the current audit period as further disclosed in Finding No. 1 of this report.

- Unsecured Loan

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

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures

Condition: The relief association was unable to provide adequate supporting documentation for the following expenditures made during the prior audit period:

Date	Check No.	Payee Description	Amount
01/05/15	Debit	Training Vendor	\$ 13
01/12/15	Debit	Training Vendor	67
01/12/15	Debit	Training Vendor	94
01/12/15	Debit	Training Vendor	19
01/12/15	Debit	Training Vendor	196
01/13/15	1030	Training Vendor	500
05/04/15	1043	Training Vender	300
05/11/15	Debit	Equipment Vender	310
07/09/15	1051	Maintenance Vender	102
07/09/15	Debit	Postal Vender	49
07/20/15	Debit	Equipment Vender	232
08/24/15	Debit	Training Vender	25
08/24/15	Debit	Training Vender	8
08/24/15	Debit	Training Vender	16
08/24/15	Debit	Training Vender	18
11/25/15	Debit	Equipment Vender	109
05/05/16	1082	Training Vender	300
05/09/16	Debit	Training Vender	31
06/29/16	Debit	Benefit Vender	149
08/17/16	Debit	Benefit Vender	260
09/21/16	Debit	Training Vender	24
10/20/16	1102	Training Vender	168
01/23/17	1113	Maintenance Vender	1,401
02/15/17	Debit	Postal Vender	2
04/18/17	Debit	Training Vender	108
10/28/17	Debit	Training Vender	20
Total			<u>\$ 4,521</u>

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

In addition, the relief association was unable to provide adequate supporting documentation for the following expenditures made during the current audit period:

Date	Check No.	Payee Description	Amount
01/15/18	1133	Training Vendor	\$ 150
06/04/18	1141	Training Vendor	100
08/28/18	1150	Training Vendor	550
09/01/18	1151	Training Vendor	20
09/11/18	1153	Training Vendor	400
11/13/18	1156	Training Vendor	587
01/06/19	1159	Training Vendor	30
01/14/19	1160	Training Vendor	45
01/14/19	1211	Training Vendor	480
01/14/19	1212	Training Vendor	60
01/14/19	1213	Training Vendor	45
03/10/19	1218	Training Vendor	480
03/26/19	Debit	Training Vendor	225
04/29/19	Debit	Training Vendor	67
04/29/19	Debit	Training Vendor	72
05/08/19	1220	Training Vendor	60
05/09/19	Debit	Training Vendor	550
05/22/19	Debit	Training Vendor	89
06/04/19	Debit	Training Vendor	51
06/04/19	Debit	Training Vendor	32
06/10/19	1226	Training Vendor	22
06/10/19	1227	Training Vendor	40
06/10/19	1228	Training Vendor	20
06/10/19	1161	Training Vendor	168
06/10/19	1230	Training Vendor	31
07/01/19	1162	Training Vendor	500
08/05/19	1165	Training Vendor	88
09/23/19	1171	Training Vendor	82
09/30/19	1172	Training Vendor	30
10/21/19	Debit	Training Vendor	157
12/17/19	Debit	Training Vendor	80
Total			<u>\$ 5,311</u>

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

The relief association was unable to provide adequate supporting documentation for \$9,832 of expenditures with \$4,521 of the undocumented expenditures occurring in the prior audit period and \$5,311 of the undocumented expenditures occurring in the current audit period.

A similar condition was noted in our prior audit report.

Criteria: Section 7418(a) of Act 118 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), 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/or itemized receipts, 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.

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, itemized receipts and detailed minutes of meetings, made it impossible to determine if the expenditures were made in accordance with Section 7416(f) of Act 118. 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, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We again recommend that the relief association officials provide this department with adequate supporting documentation, such as invoices and/or itemized receipts, to ensure the propriety of the expenditures or that the relief association be reimbursed \$9,832 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.

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and, as a result of our audit, the affiliated fire company reimbursed the relief association \$4,521 for prior audit period undocumented expenditures on March 17, 2020.

Auditor's Conclusion: We reviewed documentation verifying that a partial reimbursement of \$4,521 was received. We again recommend that the relief association officials provide this department with adequate support for the remaining undocumented expenditures or that the relief association be reimbursed \$5,311 for the remaining undocumented expenditures. Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Unsecured Loan

Condition: On October 9, 2015, the relief association made an unsecured loan to the affiliated fire company in the amount of \$48,000. As of the end of the current audit period, the relief association received four payments totaling \$41,758, but still did not obtain security for the loan. On March 17, 2020, the relief association deposited a \$10,332 payment made by the affiliated fire company; as such, the loan repayment has been satisfied.

Criteria: Section 7416(c)(3) of Act 118 requires that loans be:

. . . (i) secured by assets of the company having capital value equal to at least 150% of the amount of the obligation at the time it is made; (ii) subject to provisions which amortize the loan at a rate ensuring that the depreciated value of the assets pledged shall continue to be at least 150% of the balance due.

Cause: Even though notified of this condition during our prior audit, relief association officials again neglected to ensure that the loan to the fire company was secured and in compliance with Act 118 provisions.

Effect: Failure to obtain security for the loan placed the relief association's investment at greater risk.

LAKE CITY FIREFIGHTER’S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Recommendation: We again recommend that relief association officials ensure that adequate security for the relief association’s investment as required by Section 7416(c)(3) of Act 118 be obtained for any future loans made to the affiliated fire company. 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, as a result of our audit, the affiliated fire company reimbursed the relief association the remaining balance due resulting in the loan being satisfied.

Auditor’s Conclusion: We reviewed documentation verifying that the loan was satisfied on March 17, 2020. Compliance for providing adequate security for future written loan agreements made during the next audit period will be subject to verification through our next audit.

Finding No. 3 – Unauthorized Expenditures Due To Potential Misappropriation Of Funds

Condition: Documentation that was reviewed during the audit supports allegations that the former relief association treasurer made unauthorized expenditures and withdrawals totaling \$26,267, with \$25,297 of unauthorized withdrawals and expenditures occurring in the current audit period and an additional \$970 of unauthorized withdrawals and expenditures occurring in the post audit period. Evidence indicates that the former treasurer appears to have used the relief association’s bank debit card for personal purchases and ATM withdrawals for personal purposes. The total dollars and number of transactions by year that support allegations of unauthorized expenditures and withdrawals due to potential misappropriation of assets are summarized in the table below and the subsequent paragraph.

Year	Number of ATM Withdrawals and Unauthorized Purchase Transactions	Amount
2019	104	\$25,297
2020 <i>(Post Audit)</i>	3	\$ 970
Total	107	\$26,267

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

We found 107 unauthorized and unsupported cash withdrawal and purchase transactions. The transactions include 103 ATM debit card cash withdrawals and 4 debit card purchases. Three of the debit card purchases were at a restaurant/bar, which totaled \$166.25 (10/23/19 \$70.50, 12/20/19 \$28.75, 12/26/19 \$67.00), and one was for a parking fee on 7/29/19 for \$2. The ATM cash withdrawals ranged from a low of \$60 to a high of \$550.

Criteria: Act 118 at 53 P.S. § 8507(a) states, in part:

The Department of the Auditor General shall have the power, and its duty shall be, to audit the accounts and records of every volunteer firefighters' relief association receiving any money under Chapter 7 of the Act of December 18, 1984 (P.L. 1005, No. 205), known as the "Municipal Pension Plan Funding Standard and Recovery Act," as amended, as far as be necessary to satisfy the department that the money received was expended or is being expended for no purpose other than that authorized by this act.

Also, Section 7415(a) of Act 118 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.

In addition, Article II of the relief association's constitution states:

The object of this Association shall be to provide for and maintain a fund from legacies, bequests and other sources for the relief, support and burial of its active members who may be crippled or killed, or who may be prevented from attending to their usual occupation or calling, on account of chronic ailments or permanent injury caused through exposure or accident while doing public fire duty, and for pensions of the widows or dependent parents of members who may be killed or who may die from injuries received while in the discharge of their duties as a firefighter, and for such expenses necessary for the maintenance of the Relief Association; and to grant such relief and pensions and to make such other donations and expenses as in the opinion of the Board of Control may be deemed necessary and advisable.

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Also, Article V, Section 1, of the relief association's constitution states:

The funds of the Association shall not be used for any purpose whatsoever except as provide for in Article II of the Constitution.

Furthermore, Article VI, Section 1, of the relief association's bylaws states:

The President shall preside at all meetings of the Association and Board of Control: countersign all checks drawn by the treasurer, and appoint all committees, preserve order and decorum, and perform all duties pertaining to his office.

Prudent business practice also dictates that management must establish an adequate internal control system to ensure that its operations are functioning in a manner that achieves the entity's mission while safeguarding its assets.

Cause: Relief association officials failed to establish an adequate internal control system to ensure the propriety of all expenditures and that relief association monetary assets were adequately protected. These internal control weaknesses included, but are not limited to, the following:

- Inadequate segregation of duties.
- Failure to perform bank reconciliations.
- Failure to have two relief association officials approve expenditures prior to payment of purchases with evidence of approval via signatures.
- Failure to present, discuss, and approve financial related activities at relief association meetings.
- Lack of a written policy pertaining to the use and safekeeping of the relief association's bank debit card.

Effect: As a result of the inadequate internal control system, \$26,267 of relief association monies may have been used for unauthorized purposes, and therefore were not available for authorized relief association activities. Furthermore, the relief association's future state aid allocations may be withheld until the relief association complies with the finding recommendation.

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Recommendation: We recommend that the relief association officials seek reimbursement of \$26,267 for the unauthorized use of assets. We also recommend that the relief association officials develop and implement written internal control procedures which will require the following:

- Adequate segregation of duties to safeguard the relief association assets.
- Performance of monthly bank reconciliations.
- Approval of expenditures by two relief association officials prior to payment of purchases with evidence of approval via signatures.
- Presentation, discussion, and approval of financial activities at relief association meetings.
- Formation of a written policy pertaining to the use and safekeeping of the relief association's bank debit card.

For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION.

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.

Auditor's Conclusion: Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

Finding No. 4 – Unauthorized Expenditure

Condition: The relief association expended \$435 for the installation of two engines on boats owned by the affiliated fire company during the current audit period, which is not authorized by Act 118.

Criteria: Section 7416(f) of Act 118 states:

The funds of any volunteer firefighters' relief association may be spent:

- (1) To pay for such normal and reasonable running expenses as may be appropriate to the businesslike conduct of the affairs of the association, including legal fees, rental or purchase of offices, payment of reasonable compensation of employees and purchase of office equipment and supplies.
- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service.

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

Costs associated with the installation of two engines on boats owned by the affiliated fire company do not qualify as an authorized volunteer firefighters' relief association expenditure; consequently, this disbursement is not authorized under Act 118.

Cause: Relief association officials indicated that they were unaware that the expenditure for the installation of two engines on the boats owned by the fire company was not authorized by Act 118.

Effect: As a result of this improper expenditure, relief association funds were not available for investment purposes or to pay for expenditures authorized by Act 118.

Recommendation: We recommend that the relief association be reimbursed \$435 for the unauthorized expenditure and that relief association officials become familiar with Section 7416(f) of Act 118 to aid them in determining the propriety of 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.

Auditor's Conclusion: Compliance will be subject to verification through our next audit.

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
POTENTIAL WITHHOLD OF STATE AID

A condition of a repeat finding such as that reported by Finding No. 1 contained in this audit report may lead to a total withholding of state aid in the future unless that finding is corrected. Furthermore, a condition such as that reported by Finding No. 3 contained in this audit report may lead to a total withholding of state aid in the future unless that finding is corrected. However, such action may not be considered if sufficient documentation is provided within 60 days to verify compliance with this department's recommendations. Such documentation should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 327 Finance Building, Harrisburg, PA 17120.

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
SUPPLEMENTARY FINANCIAL INFORMATION
CASH AND INVESTMENT BALANCES
AS OF DECEMBER 31, 2019

Cash	\$ 16,306
Fair Value of Investments	119,494
Book Value of Other Investments	<u>8,987</u>
Total Cash and Investments	<u>\$ 144,787</u>

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
SUPPLEMENTARY FINANCIAL INFORMATION
SUMMARY OF EXPENDITURES
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2019

Expenditures:

Benefit Services:	
Insurance premiums	\$ 9,442
Fire Services:	
Equipment purchased	\$ 18,951
Equipment maintenance	9,609
Training expenses	2,287
Total Fire Services	\$ 30,847
Administrative Services:	
Other administrative expenses	\$ 43
Bond premiums	200
Total Administrative Services	\$ 243
Total Investments Purchased	\$ 10,332
Other Expenditures:	
Unauthorized Expenditures *	\$ 437
Undocumented expenditures	5,311
Unauthorized Expenditures/Withdrawals**	25,297
Total Other Expenditures	\$ 31,045
Total Expenditures	\$ 81,909

* In addition to the unauthorized expenditure disclosed in Finding No. 4 of the this report, in 2018, the relief association made an insignificant disbursement in the amount of \$2 which was not authorized by Act 118. We disclosed this issue to relief association officials during the conduct of the audit.

** This total represents potential misappropriation of assets by the former treasurer for the period January 1, 2018 to December 31, 2019 which were not authorized expenditures under Act 118 as noted in Finding No. 3. In addition, subsequent to the audit period, the former treasurer expended an additional \$970 which were not authorized expenditures under Act 118. As disclosed in Finding No. 3, the potential misappropriation of assets by the former treasurer totaled \$26,267. We disclosed this issue to relief association officials during the conduct of our audit.

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Lake City Police Department
David Wierzchowski

Erie County District Attorney
Mr. Jack Daneri

Lake City Firefighter's Relief Association of the State of Pennsylvania Governing Body:

Mr. Steve Knapp
President

Mr. Tim Olesnanik
Vice President

Mr. Brian Mesaros
Treasurer

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

Ms. Lisa Vallimont
Secretary
Girard Township

Ms. Stacy L. Kibler
Secretary
Lake City Borough

LAKE CITY FIREFIGHTER'S RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
REPORT DISTRIBUTION LIST

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