

COMPLIANCE AUDIT

Volunteer Fireman's Relief Association of Bear Lake Fire Department, Warren County, Bear Lake, PA

Warren County, Pennsylvania

For the Period

January 1, 2023, to December 31, 2024

November 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Tom Woodin, President
Volunteer Fireman's Relief Association
of Bear Lake Fire Department,
Warren County, Bear Lake, PA
Warren County

We have conducted a compliance audit of the Volunteer Fireman's Relief Association of Bear Lake Fire Department, Warren County, Bear Lake, PA (relief association) for the period January 1, 2023, to December 31, 2024. 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 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, 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 association 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.

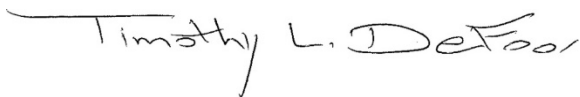
Based on our audit procedures, we conclude that, for the period January 1, 2023, to December 31, 2024:

- The relief association took appropriate corrective action to address one of the two findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the one remaining finding contained in our prior audit report, as listed below, and discussed in the Status of Prior Findings section of this report.
- Because of the significance of the matter described in Finding No. 1 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 – Relief Association Checking Account Inappropriately Registered Under Affiliated Fire Service Organization’s Name And Federal Tax Identification Number

Finding No. 2 – Failure To Update The Relief Association Bylaws

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.



Timothy L. DeFoor
Auditor General
October 22, 2025

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania,¹ Section 403 of The Fiscal Code,² and the Volunteer Firefighters' Relief Association Act ("VFRA Act"),³ 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, commonly referred to as Act 205,⁴ 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.

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 relief association officers therefore have a responsibility to the public to conduct the relief association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all relief association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the relief 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.

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

<u>Municipality</u>	<u>County</u>	<u>2023</u>	<u>2024</u>
Bear Lake Borough	Warren	\$ 600	\$ 609
Freehold Township	Warren	\$2,955	\$2,997

¹ Pa. Const. Art. VIII § 10.

² 72 P.S. § 403.

³ 35 Pa.C.S. § 7411 *et seq.*

⁴ 53 P.S. § 895.701 *et seq.*

BACKGROUND – (Continued)

Based on the relief association's records, its total cash as of December 31, 2024, was \$12,031, as illustrated below:

Cash	<u>\$ 12,031</u>
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Based on the relief association's records, its total expenditures for the period January 1, 2023, to December 31, 2024, were \$5,780, 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.⁵ **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	<u>\$ 839</u>
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Fire Services:

Equipment purchased	\$ 4,542
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Equipment maintenance	<u>168</u>
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Total Fire Services	<u>\$ 4,710</u>
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Administrative Services:

Bond premiums	<u>\$ 200</u>
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Other Expenditures:

Payment of sales tax *	<u>\$ 31</u>
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Total Expenditures	<u>\$ 5,780</u>
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* During calendar year 2024, the relief association made an insignificant disbursement in the amount of \$31 for the unauthorized payment of sales tax on a purchase that was authorized under the VFRA Act. We disclosed this issue to relief association officials on July 17, 2025, but we did not include a finding in this report due to the relatively low dollar amount.

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:

Bear Lake Volunteer Fire Department

⁵ Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF BEAR LAKE FIRE
DEPARTMENT, WARREN COUNTY, BEAR LAKE, PA
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has complied with one of the two prior audit findings and recommendations, as follows:

- Inadequate Signatory Authority For The Disbursement Of Funds

By requiring the signatures of at least two officers, one of whom is the disbursing officer, on all negotiable instruments.

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has not complied with one of the two prior audit findings. This finding is noted below and discussed in detail in the Findings and Recommendations section of this report:

- Relief Association Checking Account Inappropriately Registered Under Affiliated Fire Service Organization's Name And Federal Tax Identification Number

We are concerned by the relief association's failure to correct this previously reported audit finding. The relief association management should strive to implement the recommendation and corrective action noted in this audit report.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF BEAR LAKE FIRE
DEPARTMENT, WARREN COUNTY, BEAR LAKE, PA
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Relief Association Checking Account Inappropriately Registered Under Affiliated Fire Service Organization's Name And Federal Tax Identification Number

Condition: During the audit period, the relief association held a checking account that was improperly registered with a financial institution under the affiliated fire service organization's name and federal tax identification number rather than under the relief association's name and federal tax identification number.

A similar condition was noted in our prior audit report.

Criteria: Prudent business practice dictates that the relief association maintain ownership and control of all cash balances as a means of safeguarding its assets from unauthorized use or disposition.

Cause: The relief association officers indicated that the wrong federal tax identification number was given to the bank when the account was opened. As such, the name on the account is the name associated with the incorrect federal tax identification number.

Effect: As a result of the cash account being inappropriately registered under an affiliated fire service organization's name and federal tax identification number, the relief association assets were not properly safeguarded from unauthorized use or disposition. Furthermore, the relief association's future state aid allocations may be withheld until full compliance with the finding recommendation is achieved.

Recommendation: We again recommend that the relief association officials secure ownership rights to all cash balance by ensuring that all cash accounts are registered under the relief association's name and federal tax identification number. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management 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.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF BEAR LAKE FIRE
DEPARTMENT, WARREN COUNTY, BEAR LAKE, PA
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Failure To Update The Relief Association Bylaws

Condition: The existing bylaws contain outdated language related to conducting business based on Act 84 of June 11, 1968, rather than the VFRA Act.

Criteria: Prudent business practice dictates that the relief association should update its bylaws to ensure that the relief association conducts its affairs in compliance with the VFRA Act.

Cause: The relief association officials did not provide a reason why the bylaws have not been updated to comply with the VFRA Act.

Effect: As a result of the relief association not updating its bylaws, the relief association may not have conducted its affairs in compliance with the VFRA Act.

Recommendation: We recommend that the relief association officials review and update the bylaws governing its organization to ensure affairs are conducted in compliance with the VFRA Act. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management 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 during the next audit.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF BEAR LAKE FIRE
DEPARTMENT, WARREN COUNTY, BEAR LAKE, PA
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. 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 316E Finance Building, Harrisburg, PA 17120.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF BEAR LAKE FIRE
DEPARTMENT, WARREN COUNTY, BEAR LAKE, PA
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Volunteer Fireman's Relief Association of Bear Lake Fire Department, Warren County,
Bear Lake, PA Governing Body:

Mr. Tom Woodin
President

Ms. Missy Willis
Secretary

Ms. Bethany Watkins
Treasurer

Ms. Tammy Head
Assistant Treasurer

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

Ms. Jenifer Williams
Secretary
Bear Lake Borough

Ms. Sally Pondel
Secretary
Freehold Township

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF BEAR LAKE FIRE
DEPARTMENT, WARREN COUNTY, BEAR LAKE, PA
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