

COMPLIANCE AUDIT

Seneca Volunteer Fire Department Relief Association

Venango 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



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. William Boyer, President
Seneca Volunteer Fire Department
Relief Association
Venango County

We have conducted a compliance audit of the Seneca Volunteer Fire Department Relief Association (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 objective of the audit was 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 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.

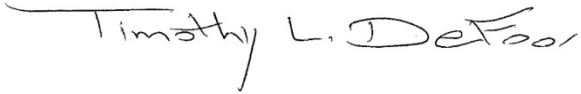
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative 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 objective. 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, 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.

We have issued the observation below as detailed in the Observation section of this report.

Observation – Federal Deposit Insurance Corporation (FDIC) Coverage
Limits Exceeded

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 horizontal line extending from the left side of the first name.

Timothy L. DeFoor
Auditor General
October 29, 2025

CONTENTS

	<u>Page</u>
Background	1
Observation – Federal Deposit Insurance Corporation (FDIC) Coverage Limits Exceeded .	3
Report Distribution List	4

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 municipality:

<u>Municipality</u>	<u>County</u>	<u>2023</u>	<u>2024</u>
Cranberry Township	Venango	\$35,385	\$36,020

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 and investments (certificates of deposit) as of December 31, 2024, were \$265,494, as illustrated below:

Cash	\$ 35,494
Fair Value of Investments	<u>230,000</u>
Total Cash and Investments	<u>\$ 265,494</u>

Based on the relief association's records, its total expenditures for the period January 1, 2023, to December 31, 2024, were \$303,288, 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>\$ 9,228</u>
Fire Services:	
Equipment purchased	\$ 257,875
Training expenses	<u>900</u>
Total Fire Services	<u>\$ 258,775</u>
Administrative Services:	
Bond premiums	\$ 221
Other administrative expenses	<u>64</u>
Total Administrative Services	<u>\$ 285</u>
Total Investments Purchased	<u>\$ 35,000</u>
Total Expenditures	<u>\$ 303,288</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:

Seneca Volunteer Fire Department

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

SENECA VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
OBSERVATION

Observation – Federal Deposit Insurance Corporation (FDIC) Coverage Limits Exceeded

As disclosed as a written observation in the two previous audits, the relief association once again did not ensure that cash assets and certificates of deposits reported as investments remained within Federal Deposit Insurance Corporation (FDIC) limits for a single account ownership category at one institution. As of December 31, 2024, the relief association's ending cash assets and certificates of deposits reported as investments at the financial institution totaled \$265,494, exceeding the standard FDIC insurance threshold.

The FDIC is an independent agency of the United States government that protects depositors against loss of their insured deposits in the event that an FDIC-insured bank or savings association fails. FDIC insurance is backed by the full faith and credit of the United States government.

Deposit accounts which are insured by the FDIC include:

- Checking accounts
- Savings accounts
- Money market accounts
- Certificates of deposit

FDIC insurance does not cover other financial products and services that banks may offer, such as stocks, bonds, mutual funds, life insurance policies, annuities and securities. The standard insurance amount is \$250,000 per depositor, per insured bank, for each ownership category.

Section 7413 of the VFRA Act states that the purpose of this subchapter is to encourage individuals to take part in the fire service as volunteer firefighters by establishing criteria and standards for orderly administration and conduct of affairs of firefighters' relief associations to ensure as far as circumstances will reasonably permit, that the funds shall be available for the protection of the volunteer firefighters' and their heirs.

Furthermore, prudent business practice dictates that in addition to performing monthly bank reconciliations, the relief association should ensure the relief association's cash assets and certificates of deposits reported as investments do not exceed FDIC limits set by banking regulations. Inadequate monitoring of relief association cash assets and certificates of deposits reported as investments places the relief association funds at greater risk for loss.

The relief association should monitor all cash assets and certificates of deposits reported as investments that are eligible for FDIC insurance and ensure the balance of those assets per banking institution does not exceed FDIC coverage limits.

SENECA VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Seneca Volunteer Fire Department Relief Association Governing Body:

Mr. William Boyer
President

Mr. Chris Hepler
Vice President

Mr. John Harbison
Secretary

Mr. Joe Buckholtz
Treasurer

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

Ms. Sabrina Backer
Secretary
Cranberry 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.