

COMPLIANCE AUDIT

Starbrick Volunteer Fire Department Relief Association Warren County, Pennsylvania For the Period January 1, 2023, to December 31, 2024

October 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Ms. Katie Davis, President
Starbrick Volunteer Fire Department
Relief Association
Warren County

We have conducted a compliance audit of the Starbrick 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.

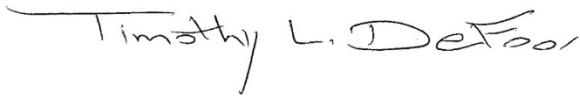
Our audit was limited to the areas related to the objective identified above and was not, nor was it required to be, conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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, except as noted in the finding listed below and discussed later in this report.

Finding – Failure To Disclose Related Party Transaction

The contents of this report were discussed with the management of the relief association and, where appropriate, their response has 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.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive, flowing style.

Timothy L. DeFoor
Auditor General
September 30, 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 municipality:

<u>Municipality</u>	<u>County</u>	<u>2023</u>	<u>2024</u>
Conewango Township	Warren	\$9,835	\$9,871

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 \$24,587, as illustrated below:

Cash	<u>\$ 24,587</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 \$33,668, 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>\$ 5,820</u>
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Fire Services:

Equipment purchased	\$ 12,568
Equipment maintenance	2,140
Training expenses	<u>4,679</u>

Total Fire Services	<u>\$ 19,387</u>
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Administrative Services:

Bond premiums	\$ 594
Other administrative expenses	<u>80</u>

Total Administrative Services	<u>\$ 674</u>
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Other Expenditures:

Miscellaneous *	<u>\$ 7,787</u>
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Total Expenditures	<u>\$ 33,668</u>
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* During the prior audit period, the relief association made a \$7,787 erroneous deposit of funds belonging to the affiliated fire company. On May 25, 2023, the relief association returned the \$7,787 to the affiliated fire company.

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

BACKGROUND – (Continued)

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:

Starbrick Volunteer Fire Department

STARBRICK VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – Failure To Disclose Related Party Transaction

Condition: Related party transaction occurs when the relief association does business with a vendor that employs a relief association member or is owned by a relief association officer or a member of an officer's immediate family. Such a transaction may provide a less than arm's length financial benefit to the member, the officer or member of the officer's immediate family through a commission or a profit from a sale. The relief association conducted business with a local bank that employs a relief association officer. Relief association officials failed to disclose this related party transaction to the relief association membership and document the transaction in the minutes of relief association meetings. As of December 31, 2024, the bank holds 100 percent of the relief association assets.

Criteria: Prudent business practices dictate that all potential related party transactions be disclosed to the membership and recorded in the minutes of relief association meetings. In addition, all members and/or officers involved with a business that is party to the related party transaction should abstain from all voting on matters involving such transactions.

Cause: Relief association officials indicated that they were all aware that the relief association officer works at the bank and it had been discussed. However, they were unaware that it needed to be disclosed to all relief association members and documented in the meeting minutes.

Effect: Failure to properly disclose a related party transaction may create potential conflicts of interest which could result in the relief association being involved in less than arm's length financial transactions.

Recommendation: We recommend that the relief association officials take the actions necessary to eliminate the appearance of conflicts of interests. Actions should include, but are not limited to, written notification to the relief association membership of each related party transaction, and the abstention of the related party from decisions and voting on matters involving the related party transactions. These actions should be documented in the relief association's minutes of meetings. Furthermore, the relief association officials should closely review all related party transactions to ensure that the transactions are conducted as an arm's length transaction, i.e., the cost of the services rendered by the firm is competitive.

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 by including documentation in the July 2025 meeting minutes along with doing yearly documentation in the meeting minutes.

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

STARBRICK 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

Starbrick Volunteer Fire Department Relief Association Governing Body:

Ms. Katie Davis
President

Ms. Ashley Wentworth
Secretary

Ms. Hollie Foust
Treasurer

Mr. Kirk Foust
Director

Mr. Jim Page
Director

Mr. Dave Zock
Director

Ms. Robin Seelinger
Director

Ms. Barb McCullogh
Director

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

Ms. Emily Onuffer
Secretary
Conewango Township

STARBRICK VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

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.