

COMPLIANCE AUDIT

Woolrich Volunteer Firefighters Relief Association of the State of Pennsylvania Clinton County For the Period January 1, 2023, to December 31, 2024

September 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Brian J. Hoy, President
Woolrich Volunteer Firefighters Relief
Association of the State
of Pennsylvania
Clinton County

We have conducted a compliance audit of the Woolrich Volunteer Firefighters Relief Association of the State of Pennsylvania (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.

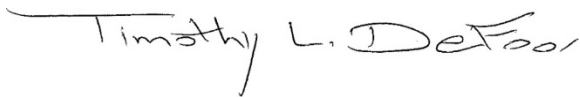
We were not able to obtain an independent confirmation of a portion of the cash balance directly from the financial institutions. Therefore, while the relief association provided bank statements that indicated that, as of December 31, 2024, the relief association had a cash balance of \$52,701, we were not able to verify a portion of 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, 2023, to December 31, 2024:

- The relief association took appropriate corrective action to address the findings contained in our prior audit report.
- 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 – Insufficient Surety (Fidelity) Bond Coverage

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.



Timothy L. DeFoor
Auditor General
September 22, 2025

CONTENTS

	<u>Page</u>
Background	1
Status of Prior Findings	3
Finding and Recommendation:	
Finding – Insufficient Surety (Fidelity) Bond Coverage	4
Report Distribution List	6

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>
Dunnstable Township	Clinton	\$6,115	\$6,183
Pine Creek Township	Clinton	\$9,705	\$9,869

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 \$52,701, as illustrated below:

Cash	<u>\$ 52,701</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 \$22,306, 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>\$ 2,764</u>
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Fire Services:

Equipment purchased	\$ 15,261
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Equipment maintenance	251
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Training expenses	<u>3,020</u>
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Total Fire Services	<u>\$ 18,532</u>
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Administrative Services:

Bond premiums	\$ 200
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Other administrative expenses	<u>810</u>
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Total Administrative Services	<u>\$ 1,010</u>
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Total Expenditures	<u>\$ 22,306</u>
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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:

Woolrich Volunteer Fire Co.

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

WOOLRICH VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION OF THE STATE OF
PENNSYLVANIA
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Unauthorized Expenditure

By receiving reimbursement of \$514 from the affiliated fire company for the unauthorized expenditure made in the prior audit period.

- Disclosure Of Related Party Transaction

By adopting internal control procedures to ensure that all related party transaction are disclosed to the membership and appropriately documented in the meeting minutes.

WOOLRICH VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION OF THE
STATE OF PENNSYLVANIA
FINDING AND RECOMMENDATION

Finding – Insufficient Surety (Fidelity) Bond Coverage

Condition: During the audit period, the relief association did not maintain sufficient surety (fidelity) bond coverage on its authorized disbursing officer necessary to cover the relief association's maximum cash balance. The relief association's surety (fidelity) bond coverage amount was \$50,000; however, at times during the audit period, the relief association's maximum cash balance exceeded the surety bond coverage.

Criteria: Section 7415(c)(4) of the VFRA Act states, in part, that:

. . . the disbursing officer, whether designated treasurer, comptroller, financial secretary or otherwise, shall be bonded by corporate surety for faithful performance of duty. The amount of the bond shall be at least as great as the maximum cash balance in current funds of the association at any time during the fiscal year, and the premium on the bond shall be a proper charge against the funds of the association.

In addition, Article 4 of the relief association's bylaws states, in part:

The association shall maintain an officer's bond on the Treasurer. The amount of the bond shall be at least as great as the maximum cash balance in current funds of the association at any time during the fiscal year.

Cause: Relief association officials indicated that they did not understand the procedure regarding surety bond coverage.

Effect: As a result of the insufficient surety (fidelity) bond coverage on the authorized disbursing officer of the relief association, the relief association's maximum cash balance during the audit period was not adequately safeguarded in the event the disbursing officer commits a wrongful or fraudulent act. Additionally, without sufficient surety bond coverage, the relief association is not in compliance with the VFRA Act and its bylaws.

WOOLRICH VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION OF THE
STATE OF PENNSYLVANIA
FINDING AND RECOMMENDATION

Finding – (Continued)

Recommendation: We recommend that the relief association ensure that its surety (fidelity) bond on the relief association's authorized disbursing officer sufficiently covers the relief association's maximum cash balance as required by the VFRA Act and its bylaws. This requirement may be accomplished by increasing the surety (fidelity) bond coverage on the relief association's authorized disbursing officer to an amount greater than the expected maximum cash balance of the relief association, or by decreasing the relief association's maximum cash balance through a transfer of funds to an authorized investment account. In addition, relief association officials should monitor the relief association's cash balance to ensure that unexpected events affecting the relief association's current funds do not again result in insufficient surety (fidelity) bond coverage on the relief association's authorized disbursing officer. 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, as a result of our audit, on May 12, 2025, the relief association increased their surety bond coverage to \$100,000.

Auditor's Conclusion: We reviewed documentation verifying that the surety bond coverage was increased to \$100,000. During the next audit period, compliance for sufficient surety bond coverage will be subject to verification.

WOOLRICH VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION OF THE
STATE OF PENNSYLVANIA
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Woolrich Volunteer Firefighters Relief Association of the State of Pennsylvania Governing
Body:

Mr. Brian J. Hoy
President

Mr. Dane L. White
Vice President

Ms. Mariah Kepler
Secretary

Ms. Lauren C. Hoy
Treasurer

Mr. James A. Hess
Financial Secretary

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

Ms. Donetta Yost
Secretary
Dunnstable Township

Ms. Darlene Macklem
Secretary
Pine Creek Township

WOOLRICH VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION OF THE
STATE OF PENNSYLVANIA
REPORT DISTRIBUTION LIST

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