

COMPLIANCE AUDIT

Catasauqua Volunteer Firefighters Relief Association

Lehigh County, Pennsylvania

For the Period

January 1, 2022, to December 31, 2024

July 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. Samuel Safadi, President
Catasauqua Volunteer Firefighters
Relief Association
Lehigh County

We have conducted a compliance audit of the Catasauqua Volunteer Firefighters Relief Association (relief association) for the period January 1, 2022, 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.

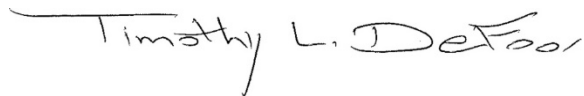
We were not able to obtain independent confirmations of the cash balance and the investment balance directly from the financial institutions. Therefore, while the relief association provided bank and investment statements that indicated that, as of December 31, 2024, the relief association had a cash balance of \$75,669 and an investment balance with a fair value of \$75,353, we were not able to verify those cash and investment balances.

We were also not able to obtain copies of canceled or imaged checks from the relief association. While the relief association provided bank statements, the relief association failed to provide copies of canceled or imaged checks. Without copies of canceled or imaged checks, we were not able to determine whether two relief association officers authorized and signed the checks as required by the VFRA Act.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matters described in the two preceding paragraphs, for the period January 1, 2022, 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 Hold Relief Association Meetings And Failure To
Maintain Minutes Of Relief Association Meetings

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.

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
July 7, 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.

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)

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

<u>Municipality</u>	<u>County</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Catasauqua Borough	Lehigh	\$33,818	\$33,972	\$34,325

Based on the relief association's records, its total cash and investments as of December 31, 2024, were \$151,022, as illustrated below:

Cash	\$ 75,669
Fair Value of Investments	<u>75,353</u>
Total Cash and Investments	<u><u>\$ 151,022</u></u>

BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$87,662, 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	\$ 21,057
Tokens of sympathy and goodwill	40
Total Benefit Services	<u>\$ 21,097</u>

Fire Services:

Equipment purchased	\$ 17,000
Equipment maintenance	26,233
Training expenses	815
Total Fire Services	<u>\$ 44,048</u>

Administrative Services:

Bond premiums	\$ 750
Other administrative expenses *	1,295
Total Administrative Services	<u>\$ 2,045</u>

Other Expenditures:

Lease-financing payments	<u>\$ 20,472</u>
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Total Expenditures	<u><u>\$ 87,662</u></u>
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* A majority of the other administrative expenses represent \$1,125 expended over calendar years 2022, 2023, and 2024 for the preparation of annual tax returns.

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:

Catasauqua Firefighters Association of the Borough of Catasauqua

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

CATASAUQUA VOLUNTEER FIREFIGHTERS RELEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – Failure To Hold Relief Association Meetings And Failure To Maintain Minutes Of Relief Association Meetings

Condition: The relief association failed to hold certain meetings and failed to maintain detailed minutes of relief association meetings as required by the VFRA Act and the relief association's bylaws. Per the relief association bylaws, meetings are required to be held quarterly. During the calendar years 2023 and 2024, the relief association held only three of the four required meetings. In addition, the minutes for the meeting held in the three quarters of calendar years 2023 and 2024 did not address all financial-related transactions that occurred during the period and did not always contain an attendance record or a sign-in sheet of members present to verify those members who participated in the meeting qualified as a quorum and signified that relief association business was conducted before the membership for approval. Furthermore, meeting minutes for the calendar years 2023 and 2024 were not signed and dated by the recording officer (secretary).

Criteria: Section 7415(a) of the VFRA Act 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.

The relief association's bylaws at Section IV states, in part:

Secretary: The Secretary shall keep a true record of the proceedings of every meeting in the minutes. The minutes shall note authorization of financial transactions and all other pertinent business discussed at meetings.

In addition, the relief association's bylaws at Section V states, in part:

The regular meetings of the Board of Trustees shall be held on the third Monday of each month on a quarterly basis.

A majority of five (5) representatives to the Board of Trustees of the Relief Association shall constitute a quorum for regular or special meetings of the Board.

Furthermore, the relief association's bylaws at Article Section VIII states, in part:

All expenditures must be approved by a majority vote [of the Board of Trustees] at a relief association meeting and duly recorded in the minutes.

CATASAUQUA VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – (Continued)

Furthermore, prudent business practice dictates that the relief association officials should ensure that meeting minutes are signed and dated by the secretary.

Cause: The relief association officials indicated that they were unaware that maintaining detailed minutes of meetings was required by the VFRA Act and the relief association's bylaws. In addition, the relief association officials did not provide a reason why all required meetings were not held, why all financial transactions were not addressed within the meeting minutes, why some meeting minutes did not document attendance, and why the secretary of the relief association did not sign and date the meeting minutes.

Effect: Without holding regular meetings and maintaining detailed minutes of meetings that address all financial-related transactions, that document attendance, and that are signed and dated by the relief association secretary, there is insufficient evidence that the relief association business was documented and presented before the membership for approval.

Recommendation: We recommend that the relief association hold all required meetings and maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws, evidencing the discussion and approval of all financial-related business conducted by the relief association and whether quorum requirements were met. We also recommend that the relief association officials ensure that all meeting minutes are signed and dated by the secretary of the relief association to ensure the validity of the meeting minutes. 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 during the next audit.

CATASAUQUA VOLUNTEER FIREFIGHTERS RELEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Catasauqua Volunteer Firefighters Relief Association Governing Body:

Mr. Samuel Safadi
President

Mr. Andrew Kalynych
Vice President

Mr. Daniel Tillman
Secretary

Mr. John Lutte
Treasurer

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

Mr. Glenn Eckhart
Secretary
Catasauqua Borough

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.