

COMPLIANCE AUDIT

Cecil Township Volunteer Fire Company No. 3 Firemen's Relief Association

Washington County, Pennsylvania
For the Period
January 1, 2022, to December 31, 2024

March 2026



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
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www.PaAuditor.gov

TIMOTHY L. DEFOOR
AUDITOR GENERAL

Ms. Melissa Mabon, President
Cecil Township Volunteer Fire Company
No. 3 Firemen's Relief Association
Washington County

We have conducted a compliance audit of the Cecil Township Volunteer Fire Company No. 3 Firemen's 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 objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the finding 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.

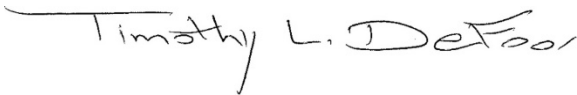
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative 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, 2022, to December 31, 2024:

- The relief association took appropriate corrective action to address the finding 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 – Unauthorized Expenditures

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
February 3, 2026

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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>2022</u>	<u>2023</u>	<u>2024</u>
Cecil Township	Washington	\$42,740	\$42,806	\$44,251

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 as of December 31, 2024, were \$249,481, as illustrated below:

Cash	\$ 82,785
Fair Value of Investments	<u>166,696</u>
Total Cash and Investments	<u>\$ 249,481</u>

Based on the relief association’s records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$154,535, 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	\$ 48,271
Death benefits	<u>500</u>
Total Benefit Services	<u>\$ 48,771</u>
Fire Services:	
Equipment purchased	\$ 86,783
Equipment maintenance	6,095
Training expenses	<u>9,589</u>
Total Fire Services	<u>\$ 102,467</u>
Administrative Services:	
Bond premiums	\$ 300
Other administrative expenses	<u>2,550</u>
Total Administrative Services	<u>\$ 2,850</u>
Other Expenditures:	
Unauthorized expenditures – See Finding	<u>\$ 447</u>
Total Expenditures	<u>\$ 154,535</u>

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:

Cecil Township Volunteer Fire Company No. 3 of Millers Run, Inc.

CECIL TOWNSHIP VOLUNTEER FIRE COMPANY No. 3 FIREMEN'S RELIEF
ASSOCIATION
STATUS OF PRIOR FINDING

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has complied with the prior audit finding and recommendation, as follows:

- Insufficient Surety (Fidelity) Bond Coverage

By increasing the surety (fidelity) bond coverage to an amount greater than the maximum balance of the relief association's cash assets.

CECIL TOWNSHIP VOLUNTEER FIRE COMPANY NO. 3 FIREMEN'S RELIEF
ASSOCIATION
FINDING AND RECOMMENDATION

Finding – Unauthorized Expenditures

Condition: During the current audit period, the relief association incurred an expenditure of \$447 for memorial flags. This expenditure is not authorized under the VFRA Act.

In addition, subsequent to the period under review, the relief association incurred an additional \$446 expenditure for the purchase of memorial flags that are not authorized under the VFRA Act.

Criteria: Section 7416(f) of the VFRA Act states:

The funds of any volunteer firefighters' relief association may be spent:

- (5) To pay the cost of procuring and forwarding tokens of sympathy and goodwill to a volunteer firefighter who may be ill or hospitalized as a result of participation in the fire service or who may die or who may be seriously ill for any reason.

In addition, Section 7418(b) of the VFRA Act states:

- (b) Findings -- If the Auditor General finds that money received by a volunteer firefighters' relief association has been expended for a purpose other than one authorized by this subchapter, the commissioner, upon receiving notice of the finding from the auditor general, shall decline to approve payment to the volunteer firefighters' relief association until the improperly expended amount has been reimbursed to the relief association fund.

Costs associated with the purchase of memorial flags do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these expenditures are not authorized under the VFRA Act.

Cause: The relief association officials indicated that they were unaware that the aforementioned expenditures were not authorized by the VFRA Act.

Effect: As a result of the unauthorized expenditures, relief association funds were not available for investment purposes or for expenditures authorized by the VFRA Act. In addition, because of stipulations within the VFRA Act, failure to obtain reimbursement of the unauthorized expenditures may result in a withholding of future state aid allocations until the monies related to the unauthorized expenditures identified in the finding have been reimbursed to the relief association.

CECIL TOWNSHIP VOLUNTEER FIRE COMPANY NO. 3 FIREMEN'S RELIEF
ASSOCIATION
FINDING AND RECOMMENDATION

Finding – (Continued)

Recommendation: We recommend that the relief association be reimbursed \$447 and \$446 for the unauthorized expenditures incurred in the current and subsequent audit periods, respectively, and that relief association officials become familiar with Section 7416(f) of the VFRA Act to aid them in determining the propriety of future expenditures. 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, the relief association was reimbursed \$893 by the affiliated fire company.

Auditor's Conclusion: We reviewed documentation verifying the receipt and deposit of the \$893 reimbursement received from the affiliated fire company. Compliance for authorized expenditures made during the next audit period will be subject to verification.

CECIL TOWNSHIP VOLUNTEER FIRE COMPANY No. 3 FIREMEN'S RELIEF
ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Cecil Township Volunteer Fire Company No. 3 Firemen's Relief Association Governing Body:

Ms. Melissa Mabon
President

Mr. Dennis Berty
Vice President

Mr. Matthew Mabon
Secretary

Mr. Edward Povirk
Treasurer

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

Mr. Donald A. Gennuso
Manager/Chief Administrator
Cecil 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.