

# COMPLIANCE AUDIT

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## East Mauch Chunk Volunteer Fireman's Relief Association

Carbon County, Pennsylvania

For the Period

January 1, 2021, to November 4, 2021

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January 2025



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General

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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Greg Steward, President  
East Mauch Chunk Volunteer Fireman's  
Relief Association  
Carbon County

We have conducted a compliance audit of the former East Mauch Chunk Volunteer Fireman's Relief Association (relief association) for the period January 1, 2021, to November 4, 2021. 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 former relief association took appropriate corrective action to address the finding contained in our prior audit report.
2. To determine if the former 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.

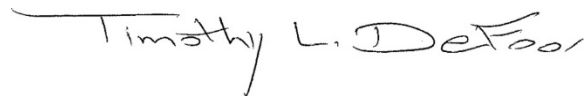
We were not able to obtain an independent confirmation of the cash balance and the investment balance directly from the financial institution. Therefore, while the relief association provided bank and investment statements that indicated that, as of November 4, 2021, the relief association had a cash balance of \$0 and an investment balance with a fair value of \$0, we were not able to verify those cash and investment balances.

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, 2021, to November 4, 2021:

- The former relief association took appropriate corrective action to address the finding contained in our prior audit report.
- The former 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.

In addition, as of November 4, 2021, the former relief association completed the process of dissolution and merged with The Mauch Chunk Firemen's Relief Association of Jim Thorpe. Consequently, all remaining monetary assets and equipment were transferred to The Mauch Chunk Firemen's Relief Association of Jim Thorpe.

The contents of this report were discussed with the management of the former relief association. We would like to thank former relief association officials for the cooperation extended to us during the conduct of the audit.



Timothy L. DeFoor  
Auditor General  
January 10, 2025

## CONTENTS

	<u>Page</u>
Background.....	1
Status of Prior Finding.....	4
Report Distribution List.....	5

## BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania,<sup>1</sup> Section 403 of The Fiscal Code,<sup>2</sup> and the Volunteer Firefighters' Relief Association Act ("VFRA Act"),<sup>3</sup> 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,<sup>4</sup> are properly expended.

The former relief association was 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.

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<sup>1</sup> Pa. Const. Art. VIII § 10.

<sup>2</sup> 72 P.S. § 403.

<sup>3</sup> 35 Pa.C.S. § 7411 *et seq.*

<sup>4</sup> 53 P.S. § 895.701 *et seq.*

**BACKGROUND – (Continued)**

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

<u>Municipality</u>	<u>County</u>	<u>2021</u>
Jim Thorpe Borough	Carbon	*

\* During the current audit period, the relief association did not receive an allocation of state aid from Jim Thorpe Borough in 2021. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

As of November 4, 2021, the former relief association dissolved its organization. Thereafter, it did not receive any further state aid allocations.

Based on the relief association’s records, its total cash and investments as of November 4, 2021, was zero, as illustrated below:

Cash	\$	0
Fair Value of Investments		<u>0</u>
Total Cash and Investments	\$	<u><u>0</u></u>

## BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2021, to November 4, 2021, were \$27,323, 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.<sup>5</sup> **The scope of the Department's audit does not include the issuance of an opinion on the accuracy of these amounts.**

### Expenditures:

#### Fire Services:

Equipment purchased	<u>\$ 226</u>
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#### Administrative Services:

Bond premiums	\$ 58
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Officer compensation	200
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Other administrative expenses	<u>64</u>
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Total Administrative Services	<u>\$ 322</u>
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Total Investments Purchased	<u>\$ 20,000</u>
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#### Other Expenditures:

Transfer of monetary assets *	<u>\$ 6,775</u>
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Total Expenditures	<u><u>\$ 27,323</u></u>
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\* Transfer of Monetary Assets/Dissolution of Relief Association.

As of November 4, 2021, the former relief association completed the process of dissolution and merged with Mauch Chunk Volunteer Firemen's Relief Association of Jim Thorpe. Consequently, all remaining monetary assets and equipment were transferred to The Mauch Chunk Firemen's Relief Association of Jim Thorpe. Due to the dissolution of the former relief association, we are providing officials of The Mauch Chunk Firemen's Relief Association of Jim Thorpe copies of this report.

The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The former relief association was affiliated with the following fire service organization:

Fairview Hose Company No. 2

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

EAST MAUCH CHUNK VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
STATUS OF PRIOR FINDING

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The former 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 balance of the relief association's cash assets.

We commend the former relief association management for its efforts in complying with the finding and recommendation contained in the prior audit report. Since the former relief association dissolved its organization and consequently transferred its monetary assets to The Mauch Chunk Firemen's Relief Association of Jim Thorpe, The Mauch Chunk Firemen's Relief Association of Jim Thorpe's management should strive to remain in compliance with all applicable state laws, contracts, bylaws, and administrative procedures.



EAST MAUCH CHUNK VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Joshua D. Shapiro**  
Governor  
Commonwealth of Pennsylvania

East Mauch Chunk Volunteer Fireman's Relief Association Governing Body:

**Mr. Greg Steward**  
President

**Mr. Frank Lorah**  
Vice President

**Mr. Frank Lauth**  
Secretary

**Mr. Michael Yeastedt**  
Treasurer

The Mauch Chunk Firemen's Relief Association of Jim Thorpe Governing Body:

**Mr. Francis Lukasevich**  
President

**Mr. William Sheehan**  
Vice President

**Mr. William Diehm**  
Secretary

**Mr. Michael Yeastedt**  
Treasurer

EAST MAUCH CHUNK VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

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

**Ms. Brooke Klotz**  
Secretary  
Jim Thorpe Borough

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).