

COMPLIANCE AUDIT

Morton-Rutledge Volunteer Fireman's Relief Association

Delaware County, Pennsylvania

For the Period

January 1, 2022, to December 31, 2024

December 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

Ms. Christina Hays, President
Morton-Rutledge Volunteer Fireman's
Relief Association
Delaware County

We have conducted a compliance audit of the Morton-Rutledge Volunteer Fireman'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 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.

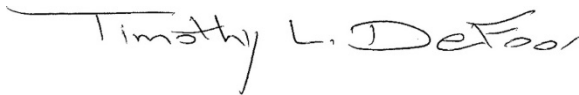
Our audit was limited to the areas related to the objectives identified above and was not, nor was it required to be, conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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.

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 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.

The contents of this report were discussed with the management of the relief association. 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 style with a horizontal line extending from the left.

Timothy L. DeFoor
Auditor General
November 21, 2025

CONTENTS

	<u>Page</u>
Background	1
Status of Prior Findings	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.

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 municipalities:

<u>Municipality</u>	<u>County</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Morton Borough	Delaware	\$16,499	\$16,799	\$17,117
Rutledge Borough	Delaware	\$ 4,991	\$ 5,194	\$ 5,257

Based on the relief association's records, its total cash and investments as of December 31, 2024, were \$200,908, as illustrated below:

Cash	\$ 51,663
Fair Value of Investments	<u>149,245</u>
Total Cash and Investments	<u><u>\$ 200,908</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 \$130,581, 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	\$ 33,427
--------------------	-----------

Fire Services:

Equipment purchased	\$ 46,891
Equipment maintenance	3,189
Training expenses	15,947
Total Fire Services	\$ 66,027

Administrative Services:

Bond premiums	\$ 592
Other administrative expenses	58
Total Administrative Services	\$ 650

Total Investments Purchased	\$ 30,000
-----------------------------	-----------

Other Expenditures:

Miscellaneous *	\$ 477
-----------------	--------

Total Expenditures	\$ 130,581
--------------------	------------

* The miscellaneous expenditure represents an electronic funds transfer on August 15, 2022, to correct a 2022 erroneous deposit made by the financial institution.

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:

Morton-Rutledge Fire Company

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

MORTON-RUTLEDGE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
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:

- Failure To Maintain A Complete And Accurate Cumulative Equipment Roster

By maintaining a cumulative inventory roster of all relief association owned equipment.

- Undocumented Expenditures

By receiving a combination of documentation to evidence the propriety of the undocumented expenditures and reimbursement from the affiliated fire company for the undocumented expenditures that were made in the prior audit period.

- Undocumented And Unsecured Loan Resulting In Unauthorized Expenditure

By receiving reimbursement from the affiliated fire company for the undocumented and unsecured loan that was made in the prior audit period.

- Unauthorized Expenditures

By receiving reimbursement from the affiliated fire company for the unauthorized expenditures that were made in the prior audit period.

- Inadequate Financial Record-Keeping System

By establishing and maintaining a financial record-keeping system that allows the membership to effectively monitor the relief association's financial operations.

- Inadequate Investment Records

By sufficiently documenting all investment transactions.

- Inadequate Minutes Of Meetings

By maintaining detailed minutes of all relief association meetings held during the period.

- Failure To Maintain A Complete And Accurate Membership Roster

By maintaining a comprehensive listing of the relief association's membership.

MORTON-RUTLEDGE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

- Inadequate Internal Controls

By adopting sufficient internal control policies and procedures to adequately safeguard relief association assets and ensure the propriety of all relief association transactions.

- Failure To Maintain A Pennsylvania Sales Tax Exemption Number

By maintaining a Pennsylvania sales tax exemption number and providing a sales tax exemption certificate to all vendors from which the relief association purchases equipment and/or services.

We commend the relief association management for its efforts in complying with the findings and recommendations contained in the prior audit report. The relief association management should strive to remain in compliance with all applicable state laws, contracts, bylaws, and administrative procedures.

MORTON-RUTLEDGE 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

Morton-Rutledge Volunteer Fireman's Relief Association Governing Body:

Ms. Christina Hays
President

Mr. Donald Holstein
Vice President

Ms. Cecilia Todd
Secretary

Ms. Kristy Holstein
Treasurer

Ms. Melissa Aglidian
Financial Secretary

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

Ms. Martha Preston
Secretary
Morton Borough

Ms. Janet DiLorio
Secretary
Rutledge Borough

MORTON-RUTLEDGE VOLUNTEER FIREMAN'S 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.