

COMPLIANCE AUDIT

Firemen's Relief Association of Fire Department Mount Joy Lancaster County, Pennsylvania For the Period January 1, 2021, to December 31, 2023

July 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Matthew T. Kratz, President
Firemen's Relief Association of Fire
Department Mount Joy
Lancaster County

We have conducted a compliance audit of the Firemen's Relief Association of Fire Department Mount Joy (relief association) for the period January 1, 2021, to December 31, 2023. 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.

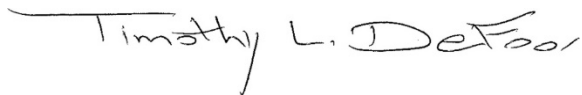
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative 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, 2021, to December 31, 2023:

- The relief association did not take appropriate corrective action to address the finding contained in our prior audit report, as detailed below, and discussed in the Status of Prior Finding section of this 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 – Noncompliance With Prior Audit Recommendation – Failure to
Conduct Annual Physical Inventory of Equipment

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
July 14, 2025

CONTENTS

	<u>Page</u>
Background	1
Status of Prior Finding	4
Finding and Recommendation:	
Finding – Noncompliance With Prior Audit Recommendation – Failure to Conduct Annual Physical Inventory of Equipment	5
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:

Municipality	County	2021	2022	2023
East Donegal Township	Lancaster	\$10,710	\$13,881	\$13,994
Mount Joy Borough	Lancaster	\$39,340	\$51,286	\$50,511
Mount Joy Township	Lancaster	\$ 9,380	\$12,005	\$11,825
Rapho Township	Lancaster	\$23,512	\$30,593	\$30,002

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, 2023, was \$157,858, as illustrated below:

Cash	<u>\$ 157,858</u>
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Based on the relief association's records, its total expenditures for the period January 1, 2021, to December 31, 2023, were \$287,663, 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>\$ 41,117</u>
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Fire Services:

Equipment purchased	\$ 97,564
Equipment maintenance	103,779
Training expenses	<u>42,385</u>
Total Fire Services	<u>\$ 243,728</u>

Administrative Services:

Bond premiums	\$ 1,408
Other administrative expenses	<u>1,240</u>
Total Administrative Services	<u>\$ 2,648</u>

Other Expenditures:

Unauthorized expenditure *	<u>\$ 170</u>
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Total Expenditures	<u><u>\$ 287,663</u></u>
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* During calendar year 2022, the relief association made a \$170 disbursement that was not authorized under the VFRA Act. We disclosed this issue to relief association officials on February 6, 2025, but we did not include a finding in this report due to the relatively low dollar amount.

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:

Fire Department Mount Joy

FIREMEN'S RELIEF ASSOCIATION OF FIRE DEPARTMENT MOUNT JOY
STATUS OF PRIOR FINDING

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has not complied with the following prior audit finding. This finding is noted below and discussed in detail in the Finding and Recommendation section of this report:

- Failure To Maintain A Complete And Accurate Cumulative Equipment Roster

Although the relief association maintained a cumulative inventory roster of all relief association owned equipment during the current audit period, the relief association again failed to conduct annual physical equipment inventories of equipment in the current audit period as further disclosed in the finding of this report.

We are concerned by the relief association's failure to correct this previously reported audit finding. The relief association management should strive to implement the recommendation and corrective action noted in this audit report.

FIREMEN'S RELIEF ASSOCIATION OF FIRE DEPARTMENT MOUNT JOY
FINDING AND RECOMMENDATION

Finding – Noncompliance With Prior Audit Recommendation – Failure to Conduct Annual Physical Inventory of Equipment

Condition: Although the relief association maintained a cumulative inventory roster of all relief association owned equipment during the current audit period, the relief association officials again failed to provide evidence that it conducted annual physical inventories of equipment and to ensure such inventory accounted for all equipment owned by the relief association.

A similar condition was noted in our prior audit report.

Criteria: Prudent business practice dictates that the relief association establish adequate internal control procedures to ensure a complete, accurate, and cumulative roster of equipment purchased by the relief association is maintained and that, at least once a year, the relief association performs and documents a physical inventory of all equipment. The results of the physical inventory should be noted, dated, and signed on the cumulative equipment roster and recorded in the meeting minutes of the relief association.

Cause: The relief association officials stated the new officers were unaware an annual physical inventory was required despite the relief association being notified of this condition during the prior audit.

Effect: Continued failure to perform an annual physical inventory of equipment prevents adequate accountability for, and safeguarding of, relief association owned equipment.

Recommendation: We again recommend that the relief association officials ensure an annual physical inventory of all relief association equipment is performed and documented. 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: We are concerned by the relief association's failure to correct this previously reported audit finding and strongly encourage timely implementation of the recommendation noted in this audit report.

FIREMEN’S RELIEF ASSOCIATION OF FIRE DEPARTMENT MOUNT JOY
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Firemen’s Relief Association of Fire Department Mount Joy Governing Body:

Mr. Matthew T. Kratz
President

Mr. Nathaniel Toepke
Vice President

Mr. Dale E. Reigle, II
Secretary

Mr. Jason A. Farley
Treasurer

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

Mr. Scott A. Kingsboro
Secretary
East Donegal Township

Mr. Mark G. Pugliese, I
Secretary
Mount Joy Borough

Ms. Patricia J. Bailey
Secretary
Mount Joy Township

Mr. Randy Fox
Secretary
Rapho Township

FIREMEN’S RELIEF ASSOCIATION OF FIRE DEPARTMENT MOUNT JOY
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.