

COMPLIANCE AUDIT

The Towamensing Firemen's Relief Association of Towamensing Township, Carbon County, Commonwealth of Penna.

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



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Robert O'Donnell, President
The Towamensing Firemen's Relief
Association of Towamensing Township,
Carbon County, Commonwealth of
Penna.

We have conducted a compliance audit of The Towamensing Firemen's Relief Association of Towamensing Township, Carbon County, Commonwealth of Penna. (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.

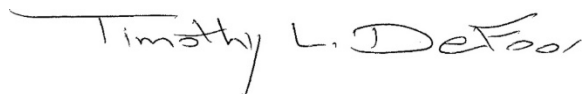
Based on our audit procedures, we conclude that for the period January 1, 2022, to December 31, 2024:

- The relief association took appropriate corrective action to address three of the five findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the two remaining findings contained in our prior audit report, as listed below, and discussed in the Status of Prior Findings section of this report.
- Because of the significance of the matter described in Finding No. 1 below and discussed later in this report, the relief association did not, in all significant respects, comply 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, collectively as a whole. Therefore, the relief association may be subject to the potential withholding of its upcoming state aid distribution, as discussed in the Potential Withhold of State Aid section of this report.

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Pennsylvania Sales Tax Exemption Number

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Cumulative Equipment Roster And Failure to Conduct An Annual Physical Inventory Of Equipment

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.



Timothy L. DeFoor
Auditor General
June 9, 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.

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>
Towamensing Township	Carbon	\$22,501	\$30,192	\$30,693

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, 2024, was \$102,227, as illustrated below:

Cash	<u>\$ 102,227</u>
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Based on the relief association's records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$25,673, 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>\$ 11,621</u>
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Fire Services:

Equipment purchased	\$ 1,588
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Equipment maintenance	3,148
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Training expenses	8,544
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Total Fire Services	<u>\$ 13,280</u>
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Administrative Services:

Bond premiums	\$ 750
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Other administrative expenses	22
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Total Administrative Services	<u>\$ 772</u>
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Total Expenditures	<u><u>\$ 25,673</u></u>
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The volunteer firefighters' relief association and the affiliated fire service organizations are separate, legal entities. The relief association is affiliated with the following fire service organizations:

Towamensing Township Volunteer Fire Company

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

THE TOWAMENSING FIREMEN'S RELIEF ASSOCIATION OF TOWAMENSING
TOWNSHIP, CARBON COUNTY, COMMONWEALTH OF PENNA.
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has complied with three of the five prior audit findings and recommendations, as follows:

- Failure To Adhere To Relief Association Bylaws

By establishing guidelines and procedures to meet the provisions contained in the relief association bylaws.

- Undocumented Expenditure

By receiving reimbursement of \$670 from the affiliated fire company for the undocumented expenditure that was made in the prior audit period.

- Inadequate Internal Controls

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

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has not complied with two of the five prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

- Failure To Maintain A Pennsylvania Sales Tax Exemption Number

- Failure To Maintain A Complete And Accurate Cumulative Equipment Roster And Failure To Conduct An Annual Physical Inventory Of Equipment

We are concerned by the relief association's failure to correct those previously reported audit findings. The relief association management should strive to implement the recommendations and corrective actions noted in this audit report.

THE TOWAMENSING FIREMEN'S RELIEF ASSOCIATION OF TOWAMENSING
TOWNSHIP, CARBON COUNTY, COMMONWEALTH OF PENNA.
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Maintain
A Pennsylvania Sales Tax Exemption Number**

Condition: The relief association failed to maintain the Pennsylvania sales tax exemption number. Although the relief association had its own sales tax exemption number, it expired on March 31, 2009 and is no longer valid. The relief association relies on the use of another entity's sales tax exemption number.

A similar condition was noted in our prior audit report.

Criteria: The following Pennsylvania law indicates that the relief association is a charitable corporation with the ability to obtain its own Pennsylvania sales tax exemption number issued by the Department of Revenue; to exempt from tax, the purchases made on behalf of the agency's charitable purposes. Additionally, misuse of an exemption number, such as using another entity's sales tax exemption number, can lead to charges, imprisonment, fines, and/or costs.

The VFRA Act states, in part, at Section 7415(e):

A volunteer firefighters' relief association organized or conducted in accordance with the requirements of this section shall be regarded as a charitable corporation for all purposes, including the right to establish exemption from the operation of certain taxes.

The Pennsylvania Administrative Code states, in part, at Section 32.21:

Charitable, volunteer firemen's and religious organizations, and nonprofit educational institutions

(b) *Procedures for claiming exemption.* Use of the exemption shall conform with the following:

- (1) *Identity of purchaser or user.* The person claiming the exemption shall be an authorized agent or representative of the exempt organization, which is entitled to the exemption, and shall make the purchase in the name of and from funds of the exempt organization.

THE TOWAMENSING FIREMEN'S RELIEF ASSOCIATION OF TOWAMENSING
TOWNSHIP, CARBON COUNTY, COMMONWEALTH OF PENNA.
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

- (2) *Exemption numbers.* An organization desiring to qualify as an exempt organization shall file with the Department [of Revenue] a completed Application for Sales Tax Exempt Status form, together with related documentation and other information required by the Department. The Department will not consider the application unless the organization is actively performing the activities upon which it bases its claim for exemption. The Department will review the application and documents, and if in its opinion the activities of the organization qualify it as an exempt organization, will issue an exemption number, prefixed by the number "75," to the organization. The Department may issue an exemption number to the parent organization for use by member organizations. **Only organizations which are registered with the Department and hold an exemption number are permitted to make tax free purchases for use by the organization.** (Emphasis added.)
- (4) *Exemption certificates.* A purchase by an exempt organization shall be supported by a valid, properly executed Sales and Use Tax Exemption Certificate which is to be retained by the vendor.

The Pennsylvania Administrative Code states, in part, Section 32.2:

Exemption certificates

- (c) *Penalties for misuse of exemption certificates.* False or fraudulent statements made upon an exemption certificate by a person, whether a seller, lessor, buyer, lessee or a representative or agent of the persons, **is a misdemeanor, upon each separate conviction** of which the offender may be **sentenced to imprisonment not exceeding 1 year, a fine not exceeding \$1,000, or both, together with costs of prosecution.** In addition, severe civil penalties are provided by law for misuse of exemption certificates by any person. Reference should be made to section 268(b) of the TRC (72 P.S. § 7268(b)). (Emphasis added.)

Further, the use of a Pennsylvania Tax Exemption Certificate (also referred to as a REV-1220), requires the user of the certificate to attest by signing the certificate that the user has the legal authority to utilize the certificate, and misuse could result in a fine and imprisonment.

THE TOWAMENSING FIREMEN'S RELIEF ASSOCIATION OF TOWAMENSING
TOWNSHIP, CARBON COUNTY, COMMONWEALTH OF PENNA.
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Cause: The relief association's sales tax exemption number expired and was not renewed despite the relief association being notified of this condition during our prior audit period. The relief association continues to rely on the use of another entity's sales tax exemption number.

Effect: As a result of the relief association's continued failure to maintain its own active/valid sales tax exemption number and use of another entity's tax exemption number during the current audit period, certain purchases are considered to be unauthorized expenditures. Additionally, the relief association may be required to pay Pennsylvania sales tax on these purchases since it is likely that the relief association is in violation of the Pennsylvania Sales and Use Tax Law. Misuse of an issued exemption number, such as using another entity's sales tax exemption number, may result in the imposition of charges, imprisonment, fines up to \$1,000, and costs of prosecution. Furthermore, the relief association's future state aid allocations may be withheld until the relief association complies with the finding recommendation.

Recommendation: We again recommend that the relief association officials immediately discontinue the use of another entity's sales tax exemption number. We further recommend that the relief association reapply for a Pennsylvania sales tax exemption number from the Department of Revenue and furnish an exemption certificate with its own sales tax exemption number to all vendors from whom the relief association purchases equipment and/or services. Failure to take action to comply with the recommendation may result in the withholding of future state aid funds. 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: Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

THE TOWAMENSING FIREMEN'S RELIEF ASSOCIATION OF TOWAMENSING
TOWNSHIP, CARBON COUNTY, COMMONWEALTH OF PENNA.
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Maintain
A Complete And Accurate Cumulative Equipment Roster And Failure to
Conduct An Annual Physical Inventory Of Equipment**

Condition: The relief association failed to maintain a complete and accurate roster of equipment owned by the relief association. Although a roster of relief association owned equipment was provided during the current audit, the roster was incomplete and did not accurately identify all the equipment owned by the relief association. The relief association purchased \$59,012 of equipment during the prior audit period and \$1,588 of equipment during the current audit period; however, the equipment for those purchases was not properly accounted for on the relief association's equipment roster. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis to account for the equipment owned by the relief association.

Similar conditions were noted in our prior audit report.

Criteria: Prudent business practice dictates that the relief association establish adequate internal control procedures to ensure the maintenance of a complete and accurate cumulative roster of equipment purchased by the relief association and to ensure the performance and documentation of an annual physical inventory. A complete and accurate cumulative equipment roster of all relief association purchased equipment should include all the following:

- Types of equipment purchased
- Dates of purchase
- Unit costs
- Names of suppliers from which the equipment was purchased
- Serial numbers, if applicable
- Current location(s) of items
- Final dispositions if damaged, sold or disposed of
- Evidence of the performance, date, and results of an annual physical inventory

Cause: The relief association official indicated that they were unaware of the prior audit finding despite the relief association being notified of this condition during the prior audit.

Effect: Continued failure to properly record equipment purchases in a complete and accurate cumulative equipment roster prevents relief association officials from effectively monitoring the relief association's equipment purchases. In addition, failure to maintain a complete and accurate cumulative equipment roster and failure to perform an annual physical inventory of the equipment prevents adequate accountability for, and safeguarding of, relief association assets.

THE TOWAMENSING FIREMEN'S RELIEF ASSOCIATION OF TOWAMENSING
TOWNSHIP, CARBON COUNTY, COMMONWEALTH OF PENNA.
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Recommendation: We again recommend that the relief association officials maintain a complete and accurate cumulative equipment roster of all relief association equipment. Furthermore, the relief association should ensure an annual physical inventory of all relief association purchased 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.

THE TOWAMENSING FIREMEN'S RELIEF ASSOCIATION OF TOWAMENSING
TOWNSHIP, CARBON COUNTY, COMMONWEALTH OF PENNA.
POTENTIAL WITHHOLD OF STATE AID

A condition of a repeat finding such as that reported by Finding No. 1 contained in this audit report may lead to a total withholding of state aid in the future unless that finding is corrected. However, such action may not be considered if sufficient documentation is provided within 60 days to verify compliance with this Department's recommendations. Such documentation should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 316E Finance Building, Harrisburg, PA 17120.

THE TOWAMENSING FIREMEN'S RELIEF ASSOCIATION OF TOWAMENSING
TOWNSHIP, CARBON COUNTY, COMMONWEALTH OF PENNA.
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Towamensing Firemen's Relief Association of Towamensing Township, Carbon County,
Commonwealth of Penna. Governing Body:

Mr. Robert O'Donnell
President

Mr. Evan Stevenson
Vice President

Mr. Jeffery Gerger
Secretary

Ms. Amanda Solensky
Treasurer

Mr. Adrian Holthausen
Financial Secretary

Mr. Ryan Snyder
Director

Mr. Andrew Dauphuin
Director

Mr. Cole George
Director

THE TOWAMENSING FIREMEN'S RELIEF ASSOCIATION OF TOWAMENSING
TOWNSHIP, CARBON COUNTY, COMMONWEALTH OF PENNA.
REPORT DISTRIBUTION LIST

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

Ms. Patricia Mann
Secretary
Towamensing 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.