COMPLIANCE AUDIT

Upper Makefield Fire Company Relief Association

Bucks County, Pennsylvania

For the Period
January 1, 2022, to December 31, 2024

October 2025

Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General

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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Chris Muth, President
Upper Makefield Fire Company
Relief Association
Bucks County

We have conducted a compliance audit of the Upper Makefield Fire Company 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, except as noted in the finding listed below and discussed later in this report.

  Finding – Comingling Of Funds Through Erroneous Transfers

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

Timothy L. DeFoor
Auditor General
October 14, 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.

[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 municipality:

Municipality	County	2022	2023	2024
Upper Makefield Township	Bucks	$131,602	$132,261	$134,219

Based on the relief association's records, its total cash as of December 31, 2024, was $438,813, as illustrated below:

Total Cash	$ 438,813*

* The total cash includes three erroneous transfers from the affiliated fire company totaling $159,000 that were not detected until the performance of the current period audit. As a result of the audit, the relief association reimbursed the affiliated fire company $159,000 on July 3, 2025. See Finding.

BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2022, to December 31, 2024, were $304,294, 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	$	21,844
Relief benefits		19,338
Total Benefit Services	$	41,182
Fire Services:		
Equipment purchased	$	195,225
Equipment maintenance		50,734
Training expenses		2,251
Fire prevention materials		1,413
Total Fire Services	$	249,623
Administrative Services:		
Bond premiums	$	1,440
Other administrative expenses *		12,049
Total Administrative Services	$	13,489
Total Expenditures	$	304,294

* A majority of the other administrative expenses represent $8,863 expended during the audit period for accounting services.

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:

Upper Makefield Fire Company

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

UPPER MAKEFIELD FIRE COMPANY 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:

- Unauthorized Expenditures

  By receiving reimbursement of $6,492 from the affiliated fire company for unauthorized expenditures in the prior audit period.

- Inappropriate Ownership Of Rescue Vehicle

  By ensuring the title of the rescue vehicle was solely in the name of the relief association.

- Inadequate Minutes Of Meetings

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

Finding – Commingling Of Funds Through Erroneous Transfers

Condition: In 2024, the relief association inappropriately received three transfers from the affiliated fire company totaling $159,000. These transactions were not recognized until the performance of our audit.

Criteria: In order to ensure effective control of its assets, relief association funds should not be commingled with any other organization's funds. In addition, adequate accounting and internal controls should include procedures designed to prevent erroneous transfers.

Cause: The relief association officials indicated this was an oversight.

Effect: Failure of the relief association officials to effectively monitor the financial operations of the relief association increases the risks of misappropriation of assets and undetected errors.

Recommendation: We recommend the relief association officials establish accounting and internal control procedures to monitor and identify future transfers of funds into the relief association account. 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, as a result of our audit, the relief association returned $159,000 to the affiliated fire company.

Auditor's Conclusion: We reviewed documentation verifying the reimbursement to the affiliated fire company. Compliance will be subject to verification during the next audit.

UPPER MAKEFIELD FIRE COMPANY RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Upper Makefield Fire Company Relief Association Governing Body:

Mr. Chris Muth
President

Mr. Kevin Campbell
Vice President

Ms. Kathryn Kay
Secretary

Ms. Ellen DePledge
Treasurer

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

Mr. David R. Nyman
Secretary
Upper Makefield 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.