

COMPLIANCE AUDIT

Throop Firemen's Relief Association, Borough of Throop Lackawanna County, Pennsylvania For the Period January 1, 2020, to November 3, 2022

March 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Mr. Robert Hegedus, President
Throop Firemen's Relief Association,
Borough of Throop
Lackawanna County

We have conducted a compliance audit of the former Throop Firemen's Relief Association, Borough of Throop (relief association) for the period January 1, 2020, to November 3, 2022. 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.

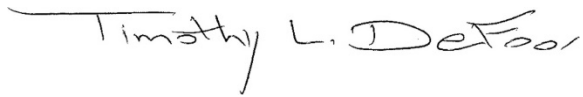
The objective of the audit was to determine if the former relief association complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds. Our audit was limited to the areas related to the objective 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, 2020, to November 3, 2022, 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 3, 2022, the former relief association completed the process of dissolution, and all remaining monetary assets and equipment were transferred equally to the Independent Firefighters Relief Association and Throop Hose Co. No. 1 Relief Association.

The contents of this report were discussed with the management of the former relief association.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor
Auditor General
February 27, 2024

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code¹, and the Volunteer Firefighters' Relief Association Act² ("VFRA Act"), 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 Law³ (commonly referred to as Act 205) 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.

¹ 72 P.S. § 403 (as last amended by Act 44 of 2017).

² 35 Pa.C.S. § 7411 *et seq.* See specifically, 35 Pa.C.S. § 7418 (amended by Act 91 of 2020).

³ 53 P.S. § 895.701 *et seq.* (Act 205 of 1984, as amended by Act 119 of 1990).

BACKGROUND – (Continued)

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

<u>Municipality</u>	<u>County</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Throop Borough	Lackawanna	\$2,065	*	**

* During the current audit period, the relief association did not receive an allocation of state aid from Throop 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 3, 2022, 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 as of November 3, 2022, was zero, as illustrated below:

Cash	<u>\$ -</u>
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BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2020, to November 3, 2022, were \$29,687, 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.⁴ **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>\$ 17,377</u>
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Fire Services:

Equipment maintenance	<u>\$ 2,372</u>
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Administrative Services:

Bond premiums	\$ 200
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Officer compensation	3,000
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Other administrative expenses *	<u>2,311</u>
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Total Administrative Services	<u>\$ 5,511</u>
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Other Expenditures:

Dissolution of Relief Association **	<u>\$ 4,427</u>
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Total Expenditures	<u><u>\$ 29,687</u></u>
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* A majority of the other administrative expenses represent attorney fees in the amount of \$2,000.

** As of November 3, 2022, the former relief association completed the process of dissolution, and all remaining monetary assets and equipment were equally transferred to the Independent Firefighters Relief Association and Throop Hose Co. No. 1 Relief Association. Due to the dissolution of the former relief association, we are providing officials of Independent Firefighters Relief Association and Throop Hose Co. No. 1 Relief Association copies of this report.

⁴ 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 organizations are separate, legal entities. The former relief association was affiliated with the following fire service organizations:

Throop Hose Company No.1

Throop Hose Company No. 2

Volunteer Hose Company of Throop

THROOP FIREMEN'S RELIEF ASSOCIATION, BOROUGH OF THROOP
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Throop Firemen's Relief Association, Borough of Throop Governing Body:

Mr. Robert Hegedus
President

Mr. Dave Davis
Vice President

Mr. Andy Hegedus
Secretary

Mr. David Comstock
Treasurer

Independent Firefighters Relief Association Governing Body:

Mr. Robert Hegedus
President

Mr. Gregory Budzinski
Vice President

Mr. Andy Hegedus
Secretary

Mr. Alec Shattin
Treasurer

THROOP FIREMEN'S RELIEF ASSOCIATION, BOROUGH OF THROOP
REPORT DISTRIBUTION LIST

Throop Hose Co. No. 1 Relief Association Governing Body:

Mr. Jerry Barone, Sr.
President

Ms. Jean Marie Jarosh
Vice President

Ms. Lynette Crown
Secretary

Mr. David Comstock
Treasurer

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

Ms. Renee O'Malley
Secretary
Throop Borough

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.