

# COMPLIANCE AUDIT

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## Firemen's Relief Association of Alpha Fire Company No. 1, Inc.

Adams County, Pennsylvania

For the Period

January 1, 2022, to December 31, 2023

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February 2025



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Kevin Dehoff, President  
Firemen's Relief Association of  
Alpha Fire Company No. 1, Inc.  
Adams County

We have conducted a compliance audit of the Firemen's Relief Association of Alpha Fire Company No. 1, Inc. (relief association) for the period January 1, 2022, 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 objective of the audit was 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 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.

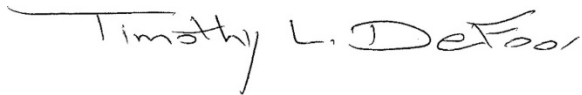
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative 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 objective. 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, 2023, 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 findings listed below and discussed later in this report.

Finding No. 1 – Unauthorized Expenditure

Finding No. 2 – Inadequate And Failure To Adhere To Relief Association Bylaws

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.

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  
January 10, 2025

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## BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania,<sup>1</sup> Section 403 of The Fiscal Code,<sup>2</sup> and the Volunteer Firefighters' Relief Association Act ("VFRA Act"),<sup>3</sup> 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,<sup>4</sup> 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.

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<sup>1</sup> Pa. Const. Art. VIII § 10.

<sup>2</sup> 72 P.S. § 403.

<sup>3</sup> 35 Pa.C.S. § 7411 *et seq.*

<sup>4</sup> 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>
Germany Township	Adams	\$20,213	\$19,868
Littlestown Borough	Adams	\$27,343	\$27,448
Mount Joy Township	Adams	\$ 4,185	\$ 4,122
Mount Pleasant Township	Adams	\$ 1,557	\$ 1,542
Union Township	Adams	\$20,769	\$20,558

Based on the relief association’s records, its total cash and investments as of December 31, 2023, were \$262,576, as illustrated below:

Cash	\$ 142,020
Fair Value of Investments	<u>120,556</u>
Total Cash and Investments	<u>\$ 262,576</u>

## BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2022, to December 31, 2023, were \$121,870, 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.<sup>5</sup> **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	\$	11,174
Death benefits		1,200
Tokens of sympathy and goodwill		240
Total Benefit Services	\$	<u>12,614</u>

#### Fire Services:

Equipment purchased	\$	56,865
Equipment maintenance		26,406
Training expenses		10,356
Fire prevention materials		3,484
Total Fire Services	\$	<u>97,111</u>

#### Administrative Services:

Bond premiums	\$	1,100
Other administrative expenses *		10,505
Total Administrative Services	\$	<u>11,605</u>

#### Other Expenditures:

Unauthorized expenditure See Finding No. 1	\$	<u>540</u>
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Total Expenditures	\$	<u><u>121,870</u></u>
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\* A majority of the other administrative expenses represent accounting fees of \$10,500 for the period 2022 through 2023.

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<sup>5</sup> 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:

Alpha Fire Company No. 1, Inc.



FIREMEN'S RELIEF ASSOCIATION OF ALPHA FIRE COMPANY NO. 1, INC.  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Unauthorized Expenditure**

Condition: The relief association expended \$540 for fire police t-shirts during the current audit period that is not authorized by the VFRA Act.

Criteria: Section 7416(f) of the VFRA Act states:

The funds of any volunteer firefighters' relief association may be spent:

- (1) To pay for such normal and reasonable running expenses as may be appropriate to the businesslike conduct of the affairs of the association, including legal fees, rental or purchase of offices, payment of reasonable compensation of employees and purchase of office equipment and supplies.
  
- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service, including necessary training.

In addition, Section 7418(b) of the VFRA Act states:

- (b) Findings -- If the Auditor General finds that money received by a volunteer firefighters' relief association has been expended for a purpose other than one authorized by this subchapter, the commissioner, upon receiving notice of the finding from the auditor general, shall decline to approve payment to the volunteer firefighters' relief association until the improperly expended amount has been reimbursed to the relief association fund.

Costs associated with the purchase of fire police t-shirts do not qualify as an authorized volunteer firefighters' relief association expenditure; consequently, this disbursement is not authorized under the VFRA Act.

Cause: The relief association officials indicated that they were unaware that the expenditure for the fire police t-shirts was not authorized by the VFRA Act.

Effect: As a result of this improper expenditure, relief association funds were not available for investment purposes or to pay for expenditures authorized by the VFRA Act.

Recommendation: We recommend that the relief association be reimbursed \$540 for the unauthorized expenditure and that relief association officials become familiar with Section 7416(f) of the VFRA Act to aid them in determining the propriety of future expenditures. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

FIREMEN'S RELIEF ASSOCIATION OF ALPHA FIRE COMPANY NO. 1, INC.  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

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 affiliated fire company reimbursed the relief association \$540 for the unauthorized expenditure on November 22, 2024.

Auditor's Conclusion: We reviewed documentation verifying that the reimbursement of \$540 was received. Compliance for expenditures made during the next audit period will be subject to verification through our next audit.

**Finding No. 2 – Inadequate And Failure To Adhere To Relief Association Bylaws**

Condition: The existing bylaws of the relief association do not contain all the provisions required by Section 7415(c) of the VFRA Act and considered to be beneficial to the operation of relief associations. Specifically, the existing bylaws of the relief association do not require that the signature of at least two officers, one of whom shall be the disbursing officer, is required on all negotiable instruments. Also, the existing bylaws of the relief association contains language to conduct business pertaining to the disbursement, investment, and purchase of funds that is based on Act 84 of June 11, 1968, rather than the more current requirements set forth in the VFRA Act. Furthermore, the relief association bylaws state that the Recording Secretary shall be bonded, however, this position is not bonded at the present time.

Criteria: Section 7415(c) of the VFRA Act states that the relief association's bylaws shall:

- (3) Require that the signatures of at least two officers, one of whom shall be the disbursing officer, shall be required to bind the association by formal contract or to issue a negotiable instrument.
- (4) Require that the disbursing officer, whether designated treasurer, comptroller, financial secretary or otherwise, shall be bonded by corporate surety for faithful performance of duty. The amount of the bond shall be at least as great as the maximum cash balance in current funds of the association at any time during the fiscal year, and the premium on the bond shall be a proper charge against funds of the association.

The relief association's bylaws at Article IX, Section 1e state, in part:

The association shall pay for and maintain an officer's bond on Recording secretary and the Treasurer.

FIREMEN'S RELIEF ASSOCIATION OF ALPHA FIRE COMPANY NO. 1, INC.  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

In addition, prudent business practice dictates that the relief association officials should ensure that the relief association bylaws are updated to reflect the requirements of the VFRA Act.

Cause: Relief association officials indicated that they were unaware of the mandatory bylaw provisions established by the VFRA Act. In addition, the relief association officials did not provide a reason why the Recording Secretary was not bonded.

Effect: As a result of the mandatory provisions not being included in the bylaws, the relief association may have conducted its affairs without proper authorization. In addition, as a result of the Recording Secretary of the relief association not being adequately bonded, the relief association was not adhering to their bylaws.

Recommendation: We recommend that the relief association officials review and update the bylaws governing their organization so that the bylaws meet the requirements set forth in the VFRA Act and properly authorize the operating procedures of the relief association. In addition, we recommend that the relief association officials ensure that its Surety (Fidelity) bond covers all relief association officer positions, as required by the bylaws. 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: Compliance will be subject to verification through our next audit.

FIREMEN'S RELIEF ASSOCIATION OF ALPHA FIRE COMPANY NO. 1, INC.  
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 Alpha Fire Company No. 1, Inc. Governing Body:

**Mr. Kevin Dehoff**  
President

**Mr. Fred Riedel, III**  
Vice President

**Mr. Brandon Null**  
Secretary

**Ms. Stacy Snyder**  
Treasurer

**Mr. George Peart**  
Assistant Treasurer

**Ms. Katie Dehoff**  
Membership Secretary

**Mr. Michael Hahn**  
Trustee

**Mr. Mike Smith**  
Trustee

FIREMEN'S RELIEF ASSOCIATION OF ALPHA FIRE COMPANY NO. 1, INC.  
REPORT DISTRIBUTION LIST

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

**Ms. Melissa Zirkle**  
Secretary  
Germany Township

**Ms. Sandra J. Conrad**  
Secretary  
Littlestown Borough

**Ms. Sandra Yerger**  
Secretary  
Mount Joy Township

**Ms. Jennifer S. Day**  
Secretary  
Mount Pleasant Township

**Ms. Carol J. Bollinger**  
Secretary  
Union Township

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).