

# COMPLIANCE AUDIT

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## Silverdale Volunteer Fire Co. No. 1 Volunteer Firefighters' Relief Association

Bucks County, Pennsylvania

For the Period

January 1, 2022, to December 31, 2024

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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. James E. Pruitt, President  
Silverdale Volunteer Fire Co. No. 1  
Volunteer Firefighters' Relief  
Association  
Bucks County

We have conducted a compliance audit of the Silverdale Volunteer Fire Co. No. 1 Volunteer Firefighters' 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 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.

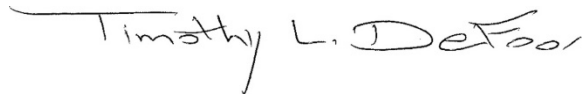
Based on our audit procedures, we conclude that, for the period January 1, 2022, to December 31, 2024, the relief association, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure 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 – Failure To Document Minutes Of Relief Association Meetings

Finding No. 3 – Failure To Update The 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, flowing style.

Timothy L. DeFoor  
Auditor General  
July 15, 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.

The relief association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Hilltown Township	Bucks	\$42,516	\$42,149	\$42,868
Silverdale Borough	Bucks	\$ 5,546	\$ 5,577	\$ 5,642

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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)

Based on the relief association's records, its total cash and investments as of December 31, 2024, were \$172,368, as illustrated below:

Cash	\$ 69,344
Fair Value of Investments	<u>103,024</u>
Total Cash and Investments	<u>\$ 172,368</u>

Based on the relief association's records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$174,912, 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	<u>\$ 9,876</u>
Fire Services:	
Equipment purchased	\$ 30,621
Equipment maintenance	29,204
Training expenses	<u>2,540</u>
Total Fire Services	<u>\$ 62,365</u>
Administrative Services:	
Bond premiums	\$ 615
Other administrative expenses	<u>229</u>
Total Administrative Services	<u>\$ 844</u>
Total Investments Purchased	<u>\$ 100,000</u>
Other Expenditures:	
Unauthorized expenditure – See Finding No. 1	<u>\$ 1,827</u>
Total Expenditures	<u>\$ 174,912</u>

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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:

Silverdale Volunteer Fire Co. No. 1

SILVERDALE VOLUNTEER FIRE CO. NO. 1 VOLUNTEER FIREFIGHTERS' RELIEF  
ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Unauthorized Expenditure**

Condition: During the current audit period, the relief association incurred an expenditure of \$1,827 for maintenance of an affiliated fire company-owned vehicle. This expenditure is not authorized under 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 maintenance of an affiliated fire company-owned vehicle do not qualify as an authorized volunteer firefighters' relief association expenditure; consequently, this expenditure is not authorized under the VFRA Act.

Cause: The relief association officials indicated that the maintenance of the affiliated fire company-owned vehicle was mistakenly paid by the relief association.

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

SILVERDALE VOLUNTEER FIRE CO. NO. 1 VOLUNTEER FIREFIGHTERS' RELIEF  
ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

Recommendation: We recommend that the relief association be reimbursed \$1,827 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.

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 during the next audit.

**Finding No. 2 – Failure To Document Minutes Of Relief Association Meetings**

Condition: The relief association failed to document the minutes of its meetings as required by the VFRA Act and the relief association's by-laws. Specifically, the relief association's meeting minutes are contained in the meeting minutes of the affiliated fire company and are not maintained separately. In addition, the relief association's meeting minutes, as contained within the affiliated fire company meeting minutes, do not include the approval of all financial transactions that occurred during the audit period, attendance records, a sign-in sheet of members present, notation as to whether a quorum was present, and the signature of the relief association recording officer (secretary).

Criteria: Section 7415(a) of the VFRA Act states, in part, that the relief association:

... must provide for taking and preserving minutes of all meetings and maintenance of such books of account as may be necessary and appropriate to afford a permanent record of its fiscal affairs.

The relief association's bylaws at Article III, Section 1 states:

Regular meetings of this association shall be held, as needed, on the first Tuesday of each month as a separate meeting of the Silverdale Volunteer Fire Co. No. 1.

SILVERDALE VOLUNTEER FIRE CO. NO. 1 VOLUNTEER FIREFIGHTERS' RELIEF  
ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

In addition, the relief association's bylaws at Article III, Section 2 states:

Seven (7) Life and/or Active Members shall constitute a quorum.

Furthermore, the relief association's bylaws at Article VII, Section 1 states, in part:

All expenditures must be approved by a majority vote at an association meeting and duly recorded in the minutes.

In addition, prudent business practice dictates that the relief association officials should ensure that meeting minutes are signed and dated by the recording officer.

Cause: The relief association officials indicated that they were unaware that the relief association was required to maintain minutes separate and distinct from the affiliated fire company as required by the VFRA Act and the relief association's bylaws. In addition, the relief association officials did not provide a reason why the minutes did not contain the approval of all financial transactions that occurred during the audit period, attendance records, a sign-in sheet of members present, notation as to whether a quorum was present, and the signature of the secretary of the relief association.

Effect: Without maintaining detailed minutes of relief association meetings that address all financial-related transactions and that are signed and dated by the secretary of the relief association, there is insufficient evidence that the relief association business was documented and presented before the membership for approval.

Recommendation: We recommend that the relief association officials maintain detailed minutes of meetings, separate and distinct from those of the affiliated fire company, as required by the VFRA Act and the relief association bylaws, evidencing the discussion and approval of all financial-related business conducted by the relief association and whether quorum requirements were met. We also recommend that the relief association officials ensure that all meeting minutes are signed and dated by the secretary of the relief association to ensure the validity of the meeting minutes. 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 during the next audit.

SILVERDALE VOLUNTEER FIRE CO. NO. 1 VOLUNTEER FIREFIGHTERS' RELIEF  
ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – Failure To Update The Relief Association Bylaws**

Condition: The relief association's existing bylaws still contain language related to conducting business based on Act 84 of June 11, 1968, rather than the VFRA Act.

Criteria: Prudent business practice dictates that the relief association should update its bylaws to ensure that the relief association conducts its affairs in compliance with the VFRA Act.

Cause: The relief association officials did not provide a reason why it has not updated its bylaws to comply with the VFRA Act.

Effect: As a result of the relief association not updating its bylaws, the relief association may not have conducted its affairs in compliance with the VFRA Act.

Recommendation: We recommend that the relief association officials review and update the bylaws governing its organization to comply with the VFRA Act. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management 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 during the next audit.

SILVERDALE VOLUNTEER FIRE CO. NO. 1 VOLUNTEER FIREFIGHTERS' RELIEF  
ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Joshua D. Shapiro**  
Governor  
Commonwealth of Pennsylvania

Silverdale Volunteer Fire Co. No. 1 Volunteer Firefighters' Relief Association Governing Body:

**Mr. James E. Pruitt**  
President

**Mr. Thomas Loudon**  
Vice President

**Mr. Christian K. Browne**  
Secretary

**Mr. James P. Burne**  
Treasurer

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

**Ms. Deanna Ferry**  
Secretary  
Hilltown Township

**Ms. Lisa Herrmann**  
Secretary  
Silverdale Borough

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).