

COMPLIANCE AUDIT

The Citizens Fire Company #1 of Highspire, Pennsylvania Volunteer Firemans Relief Association

Dauphin County

For the Period

January 1, 2022, to December 31, 2024

March 2026



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Samuel Rittner, President
The Citizens Fire Company #1 of
Highspire, Pennsylvania Volunteer
Firemans Relief Association
Dauphin County

We have conducted a compliance audit of The Citizens Fire Company #1 of Highspire, Pennsylvania Volunteer Firemans 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.

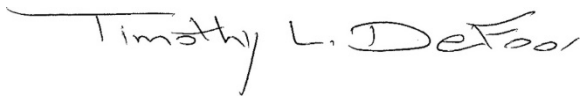
Based on our audit procedures, we conclude that, for the period January 1, 2022, to December 31, 2024:

- The relief association took appropriate corrective action to address four of the five findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the one remaining finding contained in our prior audit report, as listed below, and discussed in the Status of Prior Findings section of this 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 findings listed below and discussed later in this report.

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Document Minutes Of Relief Association Meetings

Finding No. 2 – Inadequate Loan Agreement For Purchase Of An Asset

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
January 28, 2026

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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>
Highspire Borough	Dauphin	\$12,738	\$12,773	\$12,923

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 \$11,402, as illustrated below:

Cash	<u>\$ 11,402</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 \$39,208, 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>\$ 10,723</u>
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Fire Services:

Equipment purchased	\$ 18,157
Equipment maintenance	2,410
Training expenses	<u>7,794</u>
Total Fire Services	<u>\$ 28,361</u>

Administrative Services:

Bond premiums	\$ 102
Other administrative expenses	<u>22</u>
Total Administrative Services	<u>\$ 124</u>

Total Expenditures	<u>\$ 39,208</u>
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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:

Citizens Fire Company #1 of Highspire, PA.

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

THE CITIZENS FIRE COMPANY #1 OF HIGHSPIRE, PENNSYLVANIA VOLUNTEER
FIREMANS RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Failure To Maintain A Complete And Accurate Equipment Roster

By maintaining a cumulative equipment roster of all relief association owned equipment.

- Failure To Adhere To Association Bylaws

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

- Unauthorized Expenditures

By receiving reimbursement of \$1,611 from the affiliated fire company for the unauthorized expenditures made in the prior audit period.

- Failure To Maintain A Complete And Accurate Membership Roster

By maintaining a comprehensive listing of the relief association's members.

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has not complied with one of the five prior audit findings. This finding is noted below and discussed in detail in the Findings and Recommendations section of this report:

- Failure To Maintain Minutes Of Meetings

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

THE CITIZENS FIRE COMPANY #1 OF HIGHSPIRE, PENNSYLVANIA VOLUNTEER
FIREMANS RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Document
Minutes Of Relief Association Meetings**

Condition: The relief association failed to adequately document minutes of its meetings as required by the VFRA Act and the relief association's bylaws. The relief association's minutes do not reflect the approval of all financial transactions that occurred during the audit period, and do not include attendance records or documentation as to whether quorum requirements were met.

A similar condition was noted in our prior audit report.

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.

Article 1, Section 4 of the relief association's bylaws states, in part:

The Secretary shall attend all meetings of the association and keep a written and correct record of the meeting.

Cause: The relief association officials stated due to a turnover in officer positions, they were not aware of the details required to be included in the meeting minutes.

Effect: Without documenting detailed minutes of meetings that address all financial-related transactions and include attendance records, there is insufficient evidence that relief association business was recorded and presented before the membership for approval.

Recommendation: We again recommend that the relief association officials document detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws, evidencing the discussion and approval of all financial-related business conducted by the relief association and including attendance records to determine that quorum requirements were met. 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 provide detailed minutes that include all financial activities and spending as well as attendance records.

THE CITIZENS FIRE COMPANY #1 OF HIGHSPIRE, PENNSYLVANIA VOLUNTEER
FIREMANS RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

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.

Finding No. 2 – Inadequate Loan Agreement For Purchase Of An Asset

Condition: On December 11, 2024, the relief association intended to purchase a vehicle from Swatara Volunteer Firefighter’s Relief Association (Swatara VFRA) for use by the affiliated fire company. The cost of the vehicle was \$25,000. The purchase was financed through a loan agreement between the Swatara VFRA and the relief association. However, we found the following discrepancies in the loan agreement:

- **Incorrect party listed as borrower:** The loan agreement lists the affiliated fire company as the borrower rather than the relief association.
- **Inadequate execution:** The executed loan agreement contained the signature of only one relief association officer for the relief association (Vice President) and one relief association officer for the Swatara VFRA (President). However, the VFRA Act and relief association bylaws require at least two officers for a relief association to sign a contract to be binding, one of which is the disbursing officer.
- **Inconsistent payment terms:** The agreement has a 5-year term and requires monthly payments; however, according to the relief association, the intent is for the relief association to make annual payments of \$5,000. This intent is evidenced by a \$5,000 payment made in the current audit period by the relief association. Although the loan agreement allows for prepayment of principle, the contract stipulates that prepayment of principle does not postpone the following monthly payments and without making the monthly payments, the lender may charge late fees.
- **Inappropriate collateral:** The collateral for the loan included the vehicle and the affiliated fire company’s building. However, the relief association does not have an ownership interest in the building to be able to use it as collateral. Additionally, as noted next, ownership of the vehicle is in question.
- **Unknown title to the vehicle:** The loan agreement does not specify who owns the vehicle during the loan period. A copy of the title to the vehicle could not be provided and as such, ownership of the vehicle was not able to be verified. However, the affiliated fire company is in possession of the vehicle, and the vehicle has been placed in service.

THE CITIZENS FIRE COMPANY #1 OF HIGHSPIRE, PENNSYLVANIA VOLUNTEER
FIREMANS RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Criteria: Section 7415(c)(3) of the VFRA Act states, in part:

The bylaws shall 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. (Empasis added.)

In addition, Article 1, Section 6 of the relief association bylaws states:

The association requires that two (2) signatures be required on all business transactions of the association. The signatures should be those of the President and Treasurer.

Prudent business practices dictate that the relief association have adequate accounting policies and internal control procedures in place to ensure that loan transactions are properly documented through a formal, written loan agreement that specifies the appropriate parties to the transaction, payment schedule, ownership of the asset, and collateral for the loan. Additionally, full execution of the agreement is necessary for a valid binding contract.

Cause: Relief association officials stated that the intent of the contract was for the relief association to purchase the vehicle, be the sole owner of the vehicle, and allow the affiliated fire company use of the vehicle. As the relief association's first time entering into a loan agreement, they were unaware of the structure and what needed to be included in the agreement.

Effect: As a result of the loan agreement not being properly written, secured and executed, the loan agreement may not be enforceable. Additionally, if the relief association is not listed on the title of the vehicle and there is no ownership agreement with the affiliated fire company specifying 100% ownership, the relief association failed to properly secure its asset. Furthermore, prepayment of \$5,000 annually rather than the monthly payments does not satisfy the interest rate requirement and may initiate late fees.

Recommendation: In order to formally document the financial obligations of the relief association, we recommend that the relief association officials obtain a revised, written loan agreement that specifies the appropriate parties to the loan, correct payment schedule, and appropriate collateral. Additionally, the amended loan agreement should require the signatures of at least two relief association officers, one of which is the disbursing officer as required by Section 7415(c)(3) of the VFRA Act. If such action is not taken, we recommend that the remaining balance of the loan be immediately paid.

THE CITIZENS FIRE COMPANY #1 OF HIGHSPIRE, PENNSYLVANIA VOLUNTEER
FIREMANS RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Further we recommend that the relief association verify ownership of the vehicle. If the relief association is not named on the title of the vehicle, the relief association should enter into an ownership agreement specifying its 100% ownership and stipulating that upon the sale of the vehicle, the relief association is entitled to 100% of the proceeds.

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.

THE CITIZENS FIRE COMPANY #1 OF HIGHSPIRE, PENNSYLVANIA VOLUNTEER
FIREMANS RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Citizens Fire Company #1 of Highspire, Pennsylvania Volunteer Firemans Relief
Association Governing Body:

Mr. Samuel Rittner
President

Ms. Jenna Condran
Vice President/Treasurer

Ms. Julie Keister
Secretary

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

Mr. Mark Stonbraker
Secretary
Highspire 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.