

COMPLIANCE AUDIT

Weaverland Valley Fire Department Volunteer Firefighter Relief Association

Lancaster County, Pennsylvania
For the Period
January 1, 2022, to December 31, 2024

April 2026



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Isaac Esh, President
Weaverland Valley Fire Department
Volunteer Firefighter Relief Association
Lancaster County

We have conducted a compliance audit of the Weaverland Valley Fire Department Volunteer Firefighter 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.

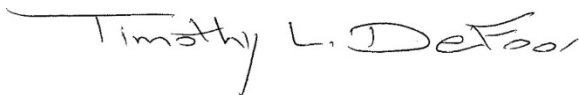
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative 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 three of the four findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the 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 finding listed below and discussed later in this report.

Finding – Noncompliance With Prior Audit Recommendation – Failure To Obtain A Pennsylvania State Sales Tax Exemption Number

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
Auditor General
March 13, 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 municipalities:

<u>Municipality</u>	<u>County</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
East Earl Township	Lancaster	\$20,958	\$20,488	\$20,869
Terre Hill Borough	Lancaster	\$ 7,831	\$ 7,810	\$ 7,907

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 \$29,104.

Based on the relief association’s records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$94,000, 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>\$ 20,856</u>
Fire Services:	
Equipment purchased	\$ 24,384
Equipment maintenance	21,005
Training expenses	<u>27,505</u>
Total Fire Services	<u>\$ 72,894</u>
Administrative Services:	
Bond premiums	<u>\$ 250</u>
Total Expenditures	<u><u>\$ 94,000</u></u>

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:

Weaverland Valley Fire Department

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

WEAVERLAND VALLEY FIRE DEPARTMENT VOLUNTEER FIREFIGHTER
RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Relief Association Checking Account Inappropriately Registered Under Affiliated Fire Service Organization's Federal Tax Identification Number.

By ensuring that the relief association's checking account is registered under the relief association's federal employer identification number.

- Unauthorized Expenditure

By receiving reimbursement of \$250 from the affiliated fire company for the unauthorized expenditure 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 membership.

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

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

- Failure To Obtain A Pennsylvania State Sales Tax Exemption Number

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

WEAVERLAND VALLEY FIRE DEPARTMENT VOLUNTEER FIREFIGHTER
RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – Noncompliance With Prior Audit Recommendation – Failure To Obtain A Pennsylvania Sales Tax Exemption Number

Condition: The relief association failed to maintain a Pennsylvania sales tax exemption number. The relief association relies on the use of another entity's sales tax exemption number.

A similar condition was noted in our prior audit report.

Criteria: The following Pennsylvania law indicates that the relief association is a charitable corporation with the ability to obtain its own Pennsylvania sales tax exemption number issued by the Department of Revenue; to exempt from tax, the purchases made on behalf of the agency's charitable purposes. Additionally, misuse of an exemption number, such as using another entity's sales tax exemption number, can lead to charges, imprisonment, fines, and/or costs.

Section 7415(e) of the VFRA Act states, in part:

A volunteer firefighters' relief association organized or conducted in accordance with the requirements of this section shall be regarded as a charitable corporation for all purposes, including the right to establish exemption from the operation of certain taxes.

Section 32.21 of the Pennsylvania Administrative Code states, in part:

Charitable, volunteer firemen's and religious organizations, and nonprofit educational institutions

(b) *Procedures for claiming exemption.* Use of the exemption shall conform with the following:

- (1) *Identity of purchaser or user.* The person claiming the exemption shall be an authorized agent or representative of the exempt organization, which is entitled to the exemption, and shall make the purchase in the name of and from funds of the exempt organization.

WEAVERLAND VALLEY FIRE DEPARTMENT VOLUNTEER FIREFIGHTER
RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – (Continued)

- (2) *Exemption numbers.* An organization desiring to qualify as an exempt organization shall file with the Department [of Revenue] a completed Application for Sales Tax Exempt Status form, together with related documentation and other information required by the Department. The Department will not consider the application unless the organization is actively performing the activities upon which it bases its claim for exemption. The Department will review the application and documents, and if in its opinion the activities of the organization qualify it as an exempt organization, will issue an exemption number, prefixed by the number “75,” to the organization. The Department may issue an exemption number to the parent organization for use by member organizations. **Only organizations which are registered with the Department and hold an exemption number are permitted to make tax free purchases for use by the organization.** (Emphasis added)
- (4) *Exemption certificates.* A purchase by an exempt organization shall be supported by a valid, properly executed Sales and Use Tax Exemption Certificate which is to be retained by the vendor.

Section 32.2 of the Pennsylvania Administrative Code states, in part:

Exemption certificates

- (c) *Penalties for misuse of exemption certificates.* False or fraudulent statements made upon an exemption certificate by a person, whether a seller, lessor, buyer, lessee or a representative or agent of the persons, **is a misdemeanor, upon each separate conviction** of which the offender may be **sentenced to imprisonment not exceeding 1 year, a fine not exceeding \$1,000, or both, together with costs of prosecution.** In addition, severe civil penalties are provided by law for misuse of exemption certificates by any person. Reference should be made to section 268(b) of the TRC (72 P. S. § 7268(b)). (Emphasis added)

Further, the use of a Pennsylvania Tax Exemption Certificate (also referred to as a REV-1220), requires the user of the certificate to attest by signing the certificate that the user has the legal authority to utilize the certificate, and misuse could result in a fine and imprisonment.

Cause: Relief association officials stated they attempted to apply for a Pennsylvania state sales tax exemption number, but the exemption was not received.

WEAVERLAND VALLEY FIRE DEPARTMENT VOLUNTEER FIREFIGHTER
RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – (Continued)

Effect: As a result of the relief association's continued failure to maintain its own active/valid sales tax exemption number and use of another entity's tax exemption number during the current audit period, certain purchases are considered to be unauthorized expenditures. Additionally, the relief association may be required to pay Pennsylvania sales tax on these purchases since it is likely that the relief association is in violation of the Pennsylvania Sales and Use Tax Law. Misuse of an issued exemption number, such as using another entity's sales tax exemption number, may result in the imposition of charges, imprisonment, fines up to \$1,000, and costs of prosecution. Furthermore, the relief association's future state aid allocations may be withheld until the relief association complies with the finding recommendation.

Recommendation: We again recommend that the relief association officials immediately discontinue use of the affiliated fire company's sales tax exemption number. We further recommend that the relief association reapply for a Pennsylvania sales tax exemption number from the Pennsylvania Department of Revenue and furnish an exemption certificate with its own sales tax exemption number to all vendors from whom the relief association purchases equipment and/or services. Failure to take action to comply with the recommendation may result in the withholding of future state aid funds. 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 the audit, the relief association applied for and obtained a Pennsylvania sales tax exemption number.

Auditor's Conclusion: We received documentation verifying that a permanent Pennsylvania sales tax exemption number, in the relief association's name, was obtained. Compliance will be subject to verification during the next audit.

WEAVERLAND VALLEY FIRE DEPARTMENT VOLUNTEER FIREFIGHTER
RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Weaverland Valley Fire Department Volunteer Firefighter Relief Association Governing Body:

Mr. Isaac Esh
President

Mr. Andy Dornes
Vice President

Mr. Samuel Fisher
Secretary

Mr. Nevin R. Long
Treasurer

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

Ms. Judy A. Muckle
Secretary
East Earl Township

Ms. Valerie A. Gregory
Secretary
Terre Hill Borough

WEAVERLAND VALLEY FIRE DEPARTMENT VOLUNTEER FIREFIGHTER
RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

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.