

# COMPLIANCE AUDIT

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## York Volunteer Firemen's Relief Association of the City of York, Pennsylvania York County For the Period January 1, 2022, to December 31, 2023

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January 2025



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Mr. David C. Sheasley, President  
York Volunteer Firemen's Relief Association  
of the City of York, Pennsylvania  
York County

We have conducted a compliance audit of the York Volunteer Firemen's Relief Association of the City of York, Pennsylvania (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 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.

We were not able to obtain an independent confirmation of a portion of the cash balance and the investment balance directly from one of the relief association's financial institutions. Therefore, while the relief association provided bank and investment statements that indicated that, as of December 31, 2023, the relief association had a cash balance of \$373,697 and an investment balance with a fair value of \$3,229,571, we were not able to verify a portion of the cash balance and the investment balance.

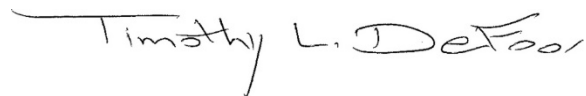
Based on our audit procedures, we conclude that, except for the effects, if any, of the matter described in the preceding paragraph, for the period January 1, 2022, to December 31, 2023:

- The relief association took appropriate corrective action to address two of the four findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the two remaining findings 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 –  
Inadequate Relief Association Bylaws

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure  
To Maintain A Complete And Accurate Equipment Roster

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  
December 24, 2024

## CONTENTS

	<u>Page</u>
Background.....	1
Status of Prior Findings .....	5
Findings and Recommendations:	
Finding No. 1 – Noncompliance With Prior Audit Recommendation – Inadequate Relief Association Bylaws.....	6
Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Equipment Roster .....	10
Report Distribution List .....	13

## BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code<sup>1</sup>, and the Volunteer Firefighters' Relief Association Act<sup>2</sup> ("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 Law<sup>3</sup> (commonly referred to as Act 205) 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> 72 P.S. § 403 (as last amended by Act 44 of 2017).

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

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

**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>
North York Borough	York	\$10,281	\$ 4,600
York City	York	\$75,625	\$83,373

Based on the relief association’s records, its total cash and investments as of December 31, 2023, were \$3,603,268, as illustrated below:

Cash	\$ 373,697
Fair Value of Investments	<u>3,229,571</u>
Total Cash and Investments	<u>\$ 3,603,268</u>

## BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2022, to December 31, 2023, were \$565,865, 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>4</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	\$ 49,517
Death benefits	192,575
Tokens of sympathy and goodwill	<u>415</u>
Total Benefit Services	<u>\$ 242,507</u>

#### Fire Services:

Equipment purchased	\$ 36,451
Equipment maintenance	1,806
Training expenses	<u>1,001</u>
Total Fire Services	<u>\$ 39,258</u>

#### Administrative Services:

Bond premiums	\$ 842
Officer compensation	61,460
Other administrative expenses *	<u>38,356</u>
Total Administrative Services	<u>\$ 100,658</u>

Total Investments Purchased	<u>\$ 183,373</u>
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#### Other Expenditures:

Unauthorized expenditures **	<u>\$ 69</u>
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Total Expenditures	<u><u>\$ 565,865</u></u>
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\* The majority of the other administrative expenses include \$16,592 for payroll taxes on salaries paid to officers of the relief association, \$7,200 for legal fees, and \$3,625 for an accountant to perform payroll and tax return duties during the audit period.

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<sup>4</sup> Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

## **BACKGROUND – (Continued)**

\*\* During calendar year 2023, the relief association made an insignificant disbursement in the amount of \$69 that was not authorized under the VFRA Act. Additionally, in the prior audit period the relief association also made an insignificant disbursement in the amount of \$202, that was not authorized under the VFRA Act. We disclosed these issues to relief association officials on December 5, 2024, but we did not include a finding in this report due to the relatively low dollar amount.

The volunteer firefighters' relief association and the affiliated fire service organizations are separate, legal entities. The relief association is affiliated with the following fire service organizations:

- Eagle Fire Company #7
- Goodwill Fire Company #5
- Laurel Fire Company #1
- Lincoln Engine Company #9
- Rescue Fire Company #4
- Rex Fire Company #8
- Royal Fire Company #6
- Union Fire Company #3
- Vigilant Fire Company #2



YORK VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE CITY OF YORK,  
PENNSYLVANIA  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Undocumented Expenditure

By receiving reimbursement of \$319 from the affiliated fire company for the undocumented expenditure that was made in a 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 FINDINGS AND RECOMMENDATIONS

The relief association has not complied with two of the four prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

- Inadequate Relief Association Bylaws

- Failure To Maintain A Complete And Accurate Equipment Roster

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

YORK VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE CITY OF YORK,  
PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Inadequate Relief Association Bylaws**

Condition: The existing bylaws of the relief association do not clearly address all the provisions required by Section 7415(c) of the VFRA Act and/or considered to be beneficial to the operation of relief associations. Specifically, the bylaws do not fully address the following:

- The main purpose for membership for volunteer firefighters.
- Eligibility for membership for volunteer firefighters.
- Classification of membership, such as, life members, active volunteer firefighters, social members, etc.
- Volunteer firefighter requirements to be met in order to qualify for a death benefit, such as, definition of a volunteer firefighter, length of service as a volunteer firefighter and relief association member, etc.

In addition, the relief association did not formally define discretionary benefits that were being offered to its members. There appears to be career (paid) firefighters currently on the relief association's membership roster who may be inappropriately qualified as entitled to receive a death benefit, which is a benefit intended for volunteer firefighters. Furthermore, the relief association bylaws should authorize and clearly specify the criteria to be met before receiving death or relief benefits and the amount of any benefit payments.

The relief association's purpose as stated in its bylaws does not conform to the VFRA Act. Rather than being formed primarily to afford financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service, the relief association's bylaws state that its purpose is to provide a fund, as well as protective equipment, for the use and benefit of its members who may become disabled while in the fire service, or who may die or be killed, and for the designated beneficiary or estate. The VFRA Act is very clear in setting specific requirements for what constitutes a Volunteer Firefighters' Relief Association and when such an organization can receive aid funds under that Act. While the relief association is affiliated with the York Fire Department, career (paid) firefighters rather than volunteer firefighters make up a substantial portion of the relief association's membership. Therefore, we have concerns that the composition of the relief association's membership is not consistent with the protection and promotion of the volunteer firefighter service intent of the VFRA Act.

YORK VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE CITY OF YORK,  
PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

For example, the relief association's bylaws at Article IV, Section 1 states, in part:

Membership of this Association is open to any ACTIVE member of any one of the volunteer fire companies of the City of York, provided they are at least eighteen (18) years of age and have been a member of the sponsoring fire company for at least (1) year... (Emphasis added.)

...the applicant for membership must be actively involved in the protection of the public against fire and engaged in training and other such activities commonly undertaken by fire companies and affiliated organizations...

...Membership in a fire company for purely fraternal or social purposes does not qualify a candidate for membership in this Association...

Furthermore, the relief association's bylaws at Article V, Section 6 states, in part:

Upon the death of a member in good standing of this Association, the Association shall pay \$12,000.00 (twelve thousand dollars) to the beneficiary designated by such member in writing and on a form prescribed by the Association...

The relief association's stated purpose and the examples also taken from the relief association's bylaws, as noted above, shows that the relief association's bylaws are inadequate and in contrast to the voluntarism tenets of the VFRA Act concerning membership and general operational compliance requirements.

In addition, the existing bylaws of the relief association address the signatory requirements for binding the relief association by formal contract or issuing negotiable instruments in three different sections, all of which are conflicting and two of which are not in accordance with the VFRA Act. The VFRA Act requires at least two signatures, one being the disbursing officer, to bind the relief association by formal contract or to issue a negotiable instrument.

The relief association's bylaws at Article VIII, Section 4a states, in part:

...When paying bills all checks shall have two signatures. They shall be any two of the following: Treasurer, Assistant Treasurer, President, Recording Secretary, and a Trustee...

YORK VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE CITY OF YORK,  
PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

In addition, the relief association's bylaws at Article VIII, Section 9 states:

All formal contracts entered into by the Association and negotiable instruments issued by the Association shall be executed by at least two (2) officers of the association, one of whom shall be the Recording Secretary or Assistant.

Furthermore, the relief association's bylaws at Article VIII, Section 10 states:

All checks issued by this association shall be signed by no less than two officers, one of which shall be the Treasurer or Assistant, the other to be the President, Secretary, or one Trustee.

A similar condition was noted in our prior two audit reports.

Criteria: Section 7412 of the VFRA Act states, in part, that the Volunteer Firefighters' Relief Association is:

An organization formed primarily to afford financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. The organization may contain within its membership the members of one or more fire companies and may serve secondary purposes, as set forth in this subchapter, but only if adequate provisions have been first made to serve the primary purpose. (Emphasis added.)

In addition, Section 7412 of the VFRA Act further states, in part, that a Volunteer Firefighter is:

A person who is a member of:

- (1) A fire company organized and existing under the laws of this Commonwealth;
- (2) A fire police unit, rescue squad, ambulance corps or other like organization affiliated with one or more fire companies; or
- (3) A fire company or affiliated organization which participates in the fire service but does not look to that service as his or her primary means of livelihood. (Emphasis added.)

YORK VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE CITY OF YORK,  
PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

A person does not lose status as a volunteer solely because he or she may also be a paid firefighter, so long as the person is acting within the scope of his or her responsibilities as a member of a volunteer fire company at the pertinent time and not within the scope of his or her responsibilities as a paid firefighter. (Emphasis added.)

Section 7413 of the VFRA Act Statement of purpose states, in part, that:

The purpose of this subchapter is to encourage individuals to take part in the fire service as **volunteer firefighters** by establishing criteria and standards for orderly administration and conduct of affairs of firefighters' relief associations to ensure, as far as circumstances will reasonably permit, that funds shall be available for the assistance to and protection of **volunteer firefighters** and their heirs....(Emphasis added.)

In addition, Section 7413 of the VFRA Act states that funds shall be available:

- (1) For payment, either by insurance or by operation of a beneficial fund, of a sum certain to designated beneficiaries of a participating member following the death of a member for any cause and to establish criteria which members must meet in order to qualify as participants in a death benefit fund. (Emphasis added.)

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

- (1) Specify the requirements for securing membership, voting rights of different classes of members, if there be different classes, and conditions under which membership may be terminated.
- (10) Contain such other provisions as may, to the membership, seem appropriate or necessary to the orderly conduct of affairs of the association.

In addition, 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.

Furthermore, the relief association bylaws should authorize and clearly specify the criteria to be met before receiving death or relief benefits and the amount of any benefit payments.

YORK VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE CITY OF YORK,  
PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

Cause: The relief association officials indicated its Bylaws Committee had trouble getting together to address the mandatory bylaw provisions established by the VFRA Act despite being notified of this condition during our prior two audits.

Effect: It appears that current members of the relief association do not meet the statutory definition of a volunteer firefighter and therefore, the relief association's eligibility to continue to receive and expend state aid under the VFRA Act may be adversely impacted or discontinued in the future.

Recommendation: We again 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. We also again recommend that the relief association officials consult with their solicitor to evaluate its state of compliance with the VFRA Act requirements stated above and take the steps necessary to meet the requirements. Furthermore, it is recommended that the relief association develop specific policy and procedures for documenting and monitoring when career-paid firefighters are performing their volunteer duties. In addition, the policy should set forth a description of the duties performed by such members. 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: 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 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Equipment Roster**

Condition: The relief association failed to maintain a complete and accurate roster of equipment owned by the relief association. Although a listing of relief association owned equipment was provided during the current audit, this listing was incomplete and did not accurately identify all the equipment owned by the relief association. The relief association purchased \$36,451 of equipment during the current audit period, but the equipment for \$35,601 of those purchases was not properly accounted for on the relief association's equipment roster. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis to account for the equipment owned by the relief association.

YORK VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE CITY OF YORK,  
PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

A similar condition was noted in our prior two audit reports.

Criteria: Prudent business practice dictates that the relief association should establish adequate internal control procedures to ensure the maintenance of a cumulative equipment roster of all items purchased by the relief association and perform and document an annual physical inventory of all operable equipment in order to provide an effective accounting control over the relief association's equipment. A cumulative equipment roster of all relief association equipment should include all the following:

- Types of equipment purchased
- Dates of purchase
- Unit costs
- Names of suppliers
- Serial numbers, if applicable
- Current locations of items
- Final dispositions of sold or damaged equipment
- Evidence of the performance and results of an annual physical inventory

Cause: The relief association officials indicated that an information technology error occurred causing its equipment roster to be incomplete and not accurately identifying all the equipment owned by the relief association. The relief association officials did not provide a cause for the lack of annual physical inventories of equipment being conducted although being notified of this condition during our prior two audits.

Effect: The continued failure to properly record equipment purchases in a detailed equipment roster prevents officials from effectively monitoring the relief association's equipment purchases. In addition, the failure to maintain a detailed equipment roster and perform an annual physical inventory of equipment prevents adequate accountability for, and safeguarding of, relief association equipment.

Recommendation: We again recommend that the relief association officials maintain a cumulative equipment roster of all equipment owned by the relief association. Furthermore, the relief association should ensure it performs an annual physical inventory of all operable equipment and that the completion of the inventory be sufficiently documented. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

YORK VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE CITY OF YORK,  
PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

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: 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.



YORK VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE CITY OF YORK,  
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This report was initially distributed to the following:

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YORK VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE CITY OF YORK,  
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The following municipalities allocated foreign fire insurance tax monies to this relief association and received a copy of this report:

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North York Borough

**Mr. Henry M. Buckingham**  
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