Management Guidelines for Volunteer Firefighters' Relief Associations

Updated October 2024

A resource to help relief associations effectively manage state aid funds allocated by the Pennsylvania Department of the Auditor General and distributed by municipal governments.

August 2023

Dear Volunteer First Responders:

I am pleased to present our updated *Management Guidelines for Volunteer Firefighters' Relief Associations* (VFRAs), a resource to help relief associations effectively manage state aid funds allocated by our department and distributed by municipal governments.

This guide is designed to make the business of running a VFRA less complicated so you can focus on your primary task: keeping your neighbors and communities safe.

The suggestions included in this guide are offered to help VFRA officers comply with state laws that govern how relief associations operate and manage state aid funds. By understanding what the laws require before you make decisions, you can reduce the risk that auditors will identify problems in future audits.

Please understand that this publication does not represent pre-audit advice or formal policy; it only summarizes the Department's position on various issues based on past audits and is subject to change.

If you have suggestions for improvements to this guide, please contact the Department at 717-787-1308 or email us at Fire@Paauditor.gov.

On behalf of a grateful Commonwealth, thank you for your dedication to protecting our residents and communities. Your courageous service is valued and appreciated.

Sincerely,

Timothy L. DeFoor
Auditor General

Important Notice

Although the Department of the Auditor General cannot provide pre-audit advice, the Department can summarize its position on issues based on its past audits. This publication is offered only on that basis and is not authorized to take any specific action.

The Department reserves the right to revise its past positions in future audits.

VFRA officials may wish to check with legal counsel for specific guidance.

We Welcome Your Feedback

Your suggestions for improving this publication are welcome. Comments should be addressed to:

Department of the Auditor General
Bureau of Fire Relief Audits
Room 316E Finance Building
Harrisburg, PA 17120

phone: (717) 787-1308
fax: (717) 787-7473
email: fire@PaAuditor.gov

www.paauditor.gov

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Section 1: Expenditures

General Expenditures Allowed by Law

The statutory authority over Volunteer Firefighters' Relief Associations (VFRAs) is contained in the **VFRA Act (35 Pa.C.S. §§7411 *et. seq.*)** which permits the use of state aid funds for the following general purposes:

- 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.
- To purchase contracts of insurance for active VFRA members against losses due to injury suffered in the fire service, for example, payments to the surviving spouse or other dependents in the event of a member's death, replacement of prosthetic devices such as visual, hearing aids, dentures, braces, crutches and the like, where those devices have been lost or damaged while the owner was engaged in the fire service or when the need for those devices arose because of functional impairment attributable to participation in fire service.
- To maintain a beneficiary or death benefit fund.
- To pay for costs of procuring and forwarding tokens of sympathy and goodwill to a firefighter who is ill or hospitalized.
- To make cash payments to families in distressed circumstances by reason of age, infirmity or other disability suffered by one of the family members in the course of participation in fire service.
- To acquire and maintain membership in any Statewide association or corporation which extends assistance to firefighters.
- To contribute or purchase contracts of insurance for rehabilitating and retraining a volunteer firefighter who suffered a major impairment due to participation in fire service.
- To pay for medical and surgical bills arising from injuries sustained by volunteer firefighters while engaged in activities of the fire company to the extent that the bills are not covered by insurance provided by the relief association.
- To pay reasonable expenses for attending bona fide firefighter training.
- To purchase safeguards for preserving life, health, and safety of volunteer firefighters to ensure their ability to participate in fire service, including necessary training.
- To secure insurance against liability for loss and expense from claims arising out of official performance of official and authorized duties while going to, returning from, or attending fires as special fire police.
- To maintain comprehensive health, physical fitness and physical monitoring programs that provide for physical fitness activities, nutrition education and supplies and instruction and health and fitness evaluation and monitoring, provided that the programs have been approved by the nearest State-licensed health care facility which is authorized to provide that service.

- To purchase exercise and fitness equipment for the use by volunteer firefighters.
- To purchase fire hoses and nozzles.
- To purchase fire prevention materials for public distribution.
- To pay reasonable expenses actually and necessarily incurred for attending bona fide emergency medical technician or paramedic training schools.
- To purchase investments to earn additional income (Section 7416 (c) of the VFRA Act).
- To pay for expenses for cleaning, sanitizing, and disinfecting of equipment and property, or other expenses incurred to prevent the spread of communicable illnesses.
- To provide financial assistance for activities and materials needed to aid in the recruitment and retention of volunteer firefighters.
- To establish and pay for length of service award programs.
- To pay for facilities for storage of emergency vehicles and equipment, training, and meetings.
- To pay for vehicles used for emergency response.
- To purchase equipment used for emergency response.
- To defray the cost of obtaining or renewing a commercial driver's license under 75 Pa.C.S. Ch. 16 (relating to commercial drivers) for volunteer firefighters who are residents of this Commonwealth to operate fire or emergency vehicles registered to fire companies or municipalities.
- To pay for stipends to volunteer firefighters, not to exceed $1,500 per year.

Relevant State Laws

The relevant state laws governing VFRAs are found online at these links:

- **The VFRA Act-35 Pa.C.S. Section 7411 *et. seq***
- **Act 205 of 1984, 53 P.S. Section 895.701 *et. seq***

Quickly Find Answers Online

Before writing to ask about specific expenditures, consult the state laws linked above and/or the Office of the State Fire Commissioner's online Volunteer Fire Relief Association (VFRA) database to review allowable expenditures by item or category.

Visit www.osfc.pa.gov and select VFRA Database.

You may also call **800-670-3473** to ask questions.

If you still have questions after checking these online resources, you may contact the Department of the Auditor General by sending an email to: Fire@PaAuditor.gov

Remember: we cannot authorize specific expenditures or actions,
but we can summarize the Department's position based on past audit findings.

Training Expenses

Section 7416 (f) (10) (17) of the VFRA Act states:

(f) Use. Funds of any volunteer firefighters' relief association may be spent:

(10) To pay reasonable expenses actually and necessarily incurred for attending bona fide firefighters' training schools.

(17) To pay reasonable expenses actually and necessarily incurred for attending bona fide emergency medical technician or paramedic training schools.

The cost of attending training in the area of emergency medical services, such as first responder and EMT training, is also permissible (Section 7416 (f) (17) of the VFRA Act). However, the cost of training relating to advanced life support (ALS) is not considered an authorized expenditure.

College-accredited classes consisting of advanced coursework in preparation for a career professional firefighter occupation, or closely related occupation, do not meet the criteria for reimbursement with relief association funds.

The following documentation should be provided by the relief association to verify the propriety of expenditures related to conference attendance:

- The minutes of the relief association meetings should clearly state the approval of the conference and the name of the members attending;

- A copy of the conference registration or other documentation identifying the specific costs should be maintained as supporting documentation; and

- Training certificates or written proof of training completion should be maintained to verify attendance and justify those portions of the conference which are authorized expenditures paid by the association.

Expenses associated with training should be addressed in the relief association's bylaws or policy manuals to make sure the membership of the association understands the reimbursement criteria.

Finally, any payment of expenses relating to training and/or attendance at conventions or conferences must be approved at an association meeting by the membership. The following supporting documentation should be kept by the relief association to verify the propriety of these expenditures:

- The minutes of the relief association meetings should clearly state the approval for the expenditure of the funds and members attending (Section 7415 (a) of the VFRA Act).

- A copy of the registration or other documentation identifying the specific costs should be maintained as supporting documentation. (See definition of Receipts below)

- Receipts for lodging and transportation should be maintained for reimbursement. (See definition of Receipts below)

- The amount of reimbursement for subsistence (meals) should be identified in the bylaws, or the payment verified through minutes and actual receipts. (See definition of Receipts below)

- Training certificates or written proof of training completion should be maintained to verify attendance.

A receipt is defined as 'a written or printed invoice showing the specific items purchased in detail which acknowledges that something has been paid for and that goods have been received.'

Access the Frequently Asked Questions section for additional insight on training expenses.

Section 2: VFRA Structure

This section discusses key aspects of establishing a volunteer firefighters' relief association as well as how to legally dissolve an association should the need arise.

Maintaining Separation

Relief associations exist to encourage individuals to take part in the fire service as a volunteer and to provide funds for the protection of volunteer firefighters and their heirs. A relief association is a **separate legal entity** from the affiliated fire company and its business operations must be managed separately from the fire company's. This separation helps to provide a documented audit trail that auditors will use to verify that all VFRA transactions were managed in accordance with all relevant laws, policies, and regulations.

Under Section 7415 (a-c) of the VFRA Act, a relief association should maintain a separate charter or constitution, and separate bylaws that specifically address the purpose, structure, and benefits of the organization. Later sections provide more information on these topics.

While the VFRA may be an unincorporated association of individuals, formally incorporating as a not-for-profit corporation has certain advantages to include greater legal protection for the elected officers and the organization. Seek assistance from legal counsel on this matter.

Bylaws Requirements

The VFRA Act requires that relief associations establish bylaws to set the specific operating procedures of the association. Section 7415(c) requires that the bylaws shall:

(1) Specify the requirements of securing membership, the voting rights of different classes of members, if any, and the conditions under which membership may be terminated.
(2) State the notice requirements and procedure to be followed in calling meetings, as well as quorum requirements for regular and special meetings of the membership and for regular and special meetings of the body which governs the operations of the association between membership meetings, and shall designate that body, whether it be a board of directors, trustees or any similar body such as an executive committee. Unless otherwise provided for in the bylaws, powers and duties of officers, directors and trustees shall be those which normally pertain to such positions in nonprofit corporations.
(3) Require the signatures of at least two officers, one of whom shall be the disbursing officer, in order to bind the association by formal contract or to issue a negotiable instrument.
(4) Require the disbursing officer to be bonded by corporate surety for the faithful performance of their duties. The amount of such 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. The premium for such a bond shall be a proper charge against funds of the association.

(5) State the procedure to be followed in nominating and in electing officers, trustees, directors, and members of the executive committee, according to the provisions which have been made for establishment of those positions.

(6) Establish procedures for the approval of expenditures, and for the investment of funds and the sale of investments.

(7) Designate the procedures to be followed in amending the bylaws.

(8) Specify the notice required with respect to proposed bylaw amendments, including the time, place, and date when any proposed amendment shall be considered.

(9) Be faithfully preserved, along with amendments thereto and the effective date of the amendments, in permanent form.

(10) Contain such other provisions as may, to the membership, seem appropriate or necessary to the orderly conduct of affairs of the association.

Discretionary benefit payments, such as stipends, death benefits and relief benefits, should be authorized by provisions stated in the bylaws. The bylaws should state the amount of any benefits to be paid and clearly define the criteria which should be met to qualify for such benefits. In the event of any conflict, the VFRA Act would take precedence over the relief association's bylaws. The bylaws could contain a more restrictive provision than the VFRA Act. If a relief association wishes to provide benefits that are permitted by the Act but are prohibited by its bylaws, it is bound by their bylaws (Section 7415 (c) (10)).

VFRAs should update bylaws as necessary to authorize their **current** procedures and regulations. An example: a VFRA's original bylaws adopted in 1985 provided for a death benefit payment of $100, but members later voted to increase the benefit to $200 without properly amending the bylaws. In this case, an audit would find that any payment above the $100 benefit would violate the bylaws.

The association cannot simply adopt the VFRA Act to serve as its bylaws. The legislative intent of the Act is that the association has bylaws, and Section 7415 (c) of the law sets forth what the bylaws should and may contain. The text of the Act, by itself, does not meet these provisions.

NOTE: It is important that the bylaws reference the current VFRA Act and any outdated references to prior laws be updated & approved by members.

Example bylaws are included in the Appendix.

Establishing Eligibility for VFRA Membership

The VFRA Act sets clear requirements for what constitutes a Volunteer Firefighters' Relief Association and when such an organization can receive aid funds. Section 7412 requires that the association be formed primarily to afford financial protection to **volunteer firefighters** against consequences of misfortune suffered as a result of their participation in the fire service.

In addition, the act defines a volunteer firefighter, in part, as a person who is a member of:

- a fire company organized and existing under the laws of the Commonwealth,
- a fire police unit, rescue squad, ambulance corps or other like organization affiliated with one or more fire companies, or
- 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 (Section 7412).

The Act further states that a person does not lose status as a volunteer firefighter 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 (Section 7412). A paid firefighter should not perform the same duties at the same company for which they are paid as a volunteer firefighter as that individual could lose their status as a volunteer firefighter under the Act and potentially subject the company to both state and federal wage payment laws.

Working with legal counsel, VFRAs should monitor their status for compliance as a qualifying relief association under the Act and maintain documentation to demonstrate that its members meet the voluntary status qualifications.

The organization may contain within its membership the members of one or more **volunteer fire companies or fire companies that are a combination of a volunteer fire company and a municipal fire company**, 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.

In addition, a volunteer firefighter relief association member may receive annually **up to a $1,500 stipend** per the VFRA Act. The association membership should vote on and approve the stipulations and amount of any stipend offered. Further, the stipend benefit should be written into the association bylaws and the updated bylaws approved through a vote by members.

Monitoring Receipt of State Aid

The relief association is responsible for monitoring the receipt of state aid. If aid is not received by December 1, VFRA officers should ask their municipality to expedite the release of funds and keep records of the request.

Under Act 205 of 1984, the aid funding allocation formula is based on the population and the market value of real estate for each municipality. Three of the pertinent provisions of Act 205 are provided below.

1. The governing body of each municipality shall annually certify to the Department of the Auditor General the type of fire protection provided to that municipality (Section 7416 (a) of the VFRA Act). Fire protection may be provided to the municipality entirely by volunteer firefighters (Section 7412) or entirely by paid firefighters, or the municipality may be served by both paid and volunteer firefighters. This certification shall be used to determine the ultimate distribution of the foreign fire insurance premium tax amount applicable to each municipality.

2. The governing body of the municipality has the responsibility of allocating the annual foreign fire insurance tax distribution which it receives to those relief associations which it has recognized. The municipality must certify to the Department of the Auditor General that it has disbursed its entire annual distribution of foreign fire insurance tax to the relief association(s). The municipality has the discretion to allocate its annual distribution to the relief association which it recognizes as it deems appropriate.

3. **The municipality should distribute the allocation to the volunteer firefighters' relief association(s) within 60 days of the date of the receipt of the monies from the Commonwealth.**

NOTE: VFRA officials should follow-up timely with municipalities that have traditionally provided state aid funds to the association and **maintain documentation** of such follow-up.

§ 7416. Funds.
(a) General rule.--A volunteer firefighters' relief association may solicit and receive gifts and contributions from any source, including municipal corporations, but shall not have the right to receive any portion of the money distributed to political subdivisions of this Commonwealth under Chapter 7 of the act of December 18, 1984 (P.L.1005, No.205), known as the Municipal Pension Plan Funding Standard and Recovery Act, unless and until the governing body of at least one political subdivision shall have certified to the commissioner that the association is a bona fide volunteer firefighters' relief association, affiliated with a fire company which affords protection against fire to all or a portion of the political subdivision. **This section shall include any non-fire-company-affiliated relief association in existence and receiving funds as provided for under this subchapter prior to November 23, 2010.**

Dissolving a Relief Association

A relief association may dissolve for one of the following reasons:

- The municipality may change from a volunteer fire service to a full-paid fire service. In this case, the volunteer fire company would no longer be authorized to provide fire service and shall withdraw from the volunteer firefighters' relief association. Section 7419 dictates the dissolution process under these circumstances.

- If a volunteer fire company decides to dissolve because of financial or personnel constraints, the affiliated VFRA may also dissolve. In this case, the remaining VFRA members should hold a meeting to approve the dissolution of the association and the disposition of its assets. In most circumstances, all association-owned equipment and monetary assets are to be transferred to the relief association affiliated with the neighboring volunteer fire company that will provide fire service in its place.

- If a volunteer fire company decides to merge with another volunteer fire company, the affiliated relief association may also dissolve and merge. In that case, the remaining VFRA members should hold a meeting to approve the dissolution of the association and the disposition of its assets. In most circumstances, all association-owned equipment and monetary assets of the dissolving relief association are to be transferred to the new relief association affiliated with the volunteer fire company formed by the merger.

- As stated in the VFRA Act, when the VFRA's membership diminishes to **five members**, the association shall apply to the local common pleas court for dissolution.

Consult with legal counsel to provide assurance that the dissolution complies with applicable laws and regulations and that all benefits owed to current and former members are maintained and protected.

An officer of the dissolving association should notify the Department of the Auditor General so the department can perform a final audit to verify the proper disposition of the VFRA's monetary assets and equipment.

In preparation for the final audit, officers should provide full documentation of the monetary assets and equipment being transferred as well as perform a complete inventory of all equipment and compile a list of the equipment transferred.

Obtain a signed receipt from the relief association receiving the equipment to verify items of equipment transferred. The transferred items should then be added to that relief association's equipment roster, which will later be verified by an audit of the recipient VFRA.

Section 3: Internal Controls

VFRA officers are responsible for maintaining proper internal controls, which are safeguards that help to reduce the risk of fraud, waste, abuse, and misappropriation of funds. Adopting these internal controls, some of which are also discussed elsewhere in this guide, can help to protect VFRA assets and ensure expenditures meet legal requirements.

Charter or Constitution and Bylaws

As discussed in Section 1, a relief association should maintain a separate charter or constitution, as well as separate bylaws that specifically address the purpose, structure, and benefits of the organization. The bylaws should incorporate the association's operating procedures and specifically authorize any discretionary benefits which the membership has deemed payable with VFRA funds. Example bylaws are included in the Appendix.

Segregation of Officers' Duties

Separate individuals should hold the positions of secretary and treasurer. This ensures that different people are responsible for the recordkeeping that **authorizes** a financial transaction (minutes of meeting) and the recordkeeping that **records** a financial transaction (checkbook, journal, ledgers, etc.). This segregation of duties protects the VFRA officers as well as the association's assets.

Bond Requirements

The association's disbursing officer must be bonded for the **maximum amount** of cash assets held by the relief association (Section 7415(c)(4)). The association may also choose to bond its other officers for the faithful performance of their duties. Additionally, while the law requires that the amount of the bond must be as great as the maximum cash balance, the relief association may bond its officers in an amount that includes both cash and investments.

Minutes of Meetings

Relief association meetings should be conducted separately from the fire company's meetings (Section 7415 (a)). The minutes of association meetings should be recorded separately from the minutes of the fire company's meetings and be maintained as a permanent record. The minutes should be legible, and adequately document the authorization of the expenditure of funds, approval of the association's investments, and all other business conducted at the meetings.

Note: The recording officer/secretary must sign and date the minutes. Example meeting minutes are included in the Appendix.

Financial Record-Keeping

Maintaining detailed financial records in the form of journals and ledgers is an essential internal control. **Computer software may be used to perform required bookkeeping so long as all supporting documentation is separately maintained.** Access the Financial Management section for more information on record-keeping methods and procedures.

No Commingling of Funds

As a separate legal entity, the VFRA's monetary assets **must not be commingled** with those of the fire company. This separation assists in the financial record-keeping of income-generating accounts and investments, and applicable income earned.

Duplicate Payments of Invoices

The VFRA should maintain all invoices, receipts, and other documentation to support the authorization to expend funds. These invoices and bills should be clearly marked "paid" to avoid the duplicate payment of the goods and services (Section 7415 (a) and (c)(6)).

Signatory Authority

Section 7415 (c)(3) of the VFRA Act requires 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. The signatures of at least two relief association officials should appear on all negotiable instruments, such as checks and drafts payable, from relief association funds. Checking, savings, money market and other similar accounts should be maintained such that two association officers' signatures are needed for any withdrawals or transfers of funds. Certificates of deposit and any similar relief association assets should also bear two relief association officers' signatures. Note: There should be only one disbursing officer except if specified differently in the association bylaws.

Pre-signing of Blank Checks Prohibited

Association officers who are authorized to sign checks **should not pre-sign** an incomplete check or draft. All checks and drafts payable to an entity or individual should be properly authorized as required by the VFRA's bylaws. **Note: no checks should be made payable to "cash**."

Equipment Roster

The VFRA should maintain a cumulative equipment roster of all equipment it owns. In addition, conducting an annual physical inventory of equipment will provide assurance that equipment is safeguarded. The VFRA may also be required by its insurance company to provide an annual inventory listing if the equipment is insured. More equipment roster guidance is on Page 21.

Credit Card Purchases

When using a credit card to make purchases, the relief association should:

1. Have procedures that require pre and/or post approval of expenditures by authorized VFRA officials.
2. Have a credit card policy regarding credit card use.
3. Have invoices or documentation to support credit card expenditures (A detailed receipt must be kept listing each item purchased, not simply the credit card receipt that only contains the purchase amount and not what was purchased).
4. Have the proper review and approval of transactions contained on the monthly credit card statements for payment.
5. Have properly authorized and approved monthly credit card payments by appropriate VFRA officials.
6. Have the appropriate organization name issued on the card(s), know where the card(s) are kept, and who is authorized to use the card(s).

All credit card or debit online purchases should show the item purchased, not just the order number on the credit card statement. A printed picture or description of the item purchased should be attached to the credit card statement and the printout should have two (2) signatures of the association's approved/authorized check signers.

Section 4: Financial Management

VFRA officials are responsible for establishing financial management internal controls to comply with applicable laws and regulations.

Financial Record-Keeping Overview

As previously noted, a VFRA's accounts, records, and associated operating requirements should be separate from those of the fire company. Journals and ledgers are record-keeping tools used by VFRAs to record financial transactions. A VFRA may require its treasurer to prepare financial statements on a monthly, quarterly, or annual basis to keep members informed and aid them in making decisions.

Maintaining Journals & Ledgers

Using journals and ledgers to record all financial transactions consistently and accurately will aid in maintaining adequate financial records. Examples of journals and ledgers shown in this guide are prepared on a cash basis of accounting, in which income is recorded when received and expenses are recorded when paid. While most VFRAs use the cash basis of accounting, other methods can be used.

Journals should fully detail all financial transactions. Entries for receipts should note the amount and date of the deposit and the source of the receipts. Disbursement entries should record the amount, date, and specifically identify the nature of the disbursement.

Checking and savings account transactions should be kept separately in journals, maintaining a running balance of each account. Each receipt and disbursement should also be classified into the appropriate category using the "Chart of Accounts" explained in the Appendix.

The classification number should be entered in the appropriate column of the ledger, then each financial transaction should be posted to the appropriate column of the ledger. No ledger entry should be made unless the transaction has been recorded in detail in the journal.

Using this record-keeping method allows the membership to monitor financial activity by reviewing the ledger. Financial reports can be completed by simply totaling the categorized ledger entries for the reporting period. Using this system will also allow the association's financial records to be more easily audited.

A financial transaction should be **recorded at the time it occurs**. It is particularly important to maintain supporting documentation to verify transactions. Examples of supporting documents would be bank statements, canceled checks, duplicate deposit slips, invoices, training certificates, etc.

A fire company's financial accounts must not be used for receipt or disbursement of relief association monies. If the association has only a savings account or a checking account, a journal and ledger should still be maintained to record all deposits and withdrawals. Periodic account reconciliations should be performed and maintained as permanent records for auditor review.

An annual statement should be prepared to provide a summary of the VFRA's cash receipts and cash disbursements and the effect of those transactions on the association's cash balance. In addition, association officers should make bank statements available to the membership for review.

A suggested method of recording some common association receipts and disbursements in the journals and ledgers are included in this guide, along with a narrative which explains each of the entries. See examples of journals and ledgers on Pages 39, 40, and 41.

Reconciliation of Accounts

Association bank accounts should be reconciled monthly. Although the treasurer typically performs this task, requiring an individual other than the treasurer to reconcile the accounts would provide additional safeguards. It is strongly recommended that the treasurer provide a copy of the bank statements along with the monthly reconciliation of the accounts at association meetings. These copies should be reviewed by the other officers and maintained, along with the minutes, as a part of the permanent record.

Investment Policy

The prudent investment of association assets is a key management responsibility of VFRA officers. Before the association can decide which investments to make, the governing body should first establish an investment policy with well-defined objectives and goals.

The investment objective of any association is to obtain income from investments resulting in the growth of assets to ultimately provide benefits and safeguards for volunteer firefighters.

Relief associations with sizable investment asset portfolios may need to consider professional investment counseling after balancing the value of the service against the cost. The services of professional investment counselors may result in sufficient yield from investments to justify their fee, but only careful monitoring of these services can determine their true value.

When using a broker or investment counselor, the relief association should obtain a fee schedule which details the charges for these services and any associated transaction fees. Relief association officials should closely monitor all charges and transaction fees to make sure that these expenses comply with the provisions of the fee schedule and are not excessive.

If the VFRA uses a trust, brokerage, or similar type custodial account, the association should give the custodian direction by establishing an investment policy which provides general instruction concerning types of investments and the amount of risk the relief association finds acceptable. The investment policy should also provide the custodian specific direction concerning the authorization for the purchase and sale of investments. The VFRA's governing body still has the ultimate responsibility for financial management even though the authority for administration of the investments is delegated to a specialist.

When the association's governing body manages the fund assets, it should review investments on a periodic basis. Cash flow should be monitored to make sure anticipated income and expenditures are balanced. The goal is to make sure that surplus funds are prudently invested.

After determining that adequate funds are available for investment, the association should consider its investment choices in compliance with existing statutory regulations. The Fiduciaries Investment Act allows an association to invest in a security if it is one which a prudent person "of discretion and intelligence, who is seeking a reasonable income and preservation of capital, would buy." Known as the *prudent person rule*, this discretionary authority permits the selection of a variety of investments allowing for diversity in the degree of risk and liquidity. Some of the investment instruments that may be used include:

- Bank, Savings and Loan, and Credit Union Instruments
- Government Securities - Treasury Bills, Treasury Bonds, Treasury Notes
- Corporate Securities - Corporate Stock, Corporate Bonds, Mutual Funds

This list, while not exhaustive, does include the more commonly selected investments which give fund managers the flexibility they need to achieve investment objectives. VFRA officials should investigate the risk factors of the potential investment and make the membership aware of any potential for loss in the event of market decline. All purchases and sales of investments should be approved by the VFRA's membership at an association meeting.

All investment documents should be kept in a secure place such as a bank safe deposit box, and at least **two signatures** of association officers, one of whom shall be the disbursing officer, are required on all negotiable instruments. Finally, take caution to follow all other regulations pertinent to investment management.

Mortgages

Section 7416 (c) (1) of the VFRA Act states:

(c) Investments. --All or any part of the funds of a volunteer firefighters' relief association may be invested:

(1) In any form of investment named in 20 Pa.C.S. Ch. 73 (relating to municipalities investments). First mortgages insuring repayment of loans by relief associations shall provide for a minimum interest payment of 3% and not exceed 80% of the appraised value of real property covered by the mortgage.

Relief associations may issue mortgages to volunteer firefighters or to a volunteer fire company so long as the relief association's bylaws do not prohibit this type of investment.

The authorization of such mortgages should be approved by a vote of the membership at an association meeting and duly recorded in the minutes (Section 7416 (d)).

To provide adequate protection for this type of investment, the relief association should enter into a formal written mortgage agreement with the borrowing party. The mortgage should be notarized and recorded in the county Recorder of Deeds' office. The mortgagor should maintain insurance coverage on the property throughout the term of the mortgage, which should not exceed a period of thirty (30) years.

The mortgage agreement must include:

- Collateral provisions pledging the land and/or building: such collateral may not exceed 80 percent of the appraised value of the real property covered by the mortgage;
- The relief association as holder of first-lien Position of the property; and
- A reasonable rate of interest to be paid on the mortgage (minimum three percent).

The relief association should maintain full documentation of all mortgage transactions and have such documentation available for audit review. This documentation should include the mortgage agreement, current amortization schedule detailing mortgage principal and interest payments, and the outstanding balance of the mortgage, property appraisal, proof of first lien position, verification of fire/hazard insurance coverage and payment of property taxes (Section 7416 (c)).

Loans to Volunteer Fire Companies

Section 7416 (c) (3), states:

(c) Investments. --All or any part of the funds of a volunteer firefighters' relief association may be invested:

(3) In any obligation of an incorporated fire company, provided that the obligation is:

(i) Secured by assets of the company having capital value equal to at least 150% of the amount of the obligation at the time it is made.

(ii) Subject to provisions which amortize the loan at a rate ensuring that the depreciated value of the assets pledged shall continue to be at least 150% of the balance due.

VFRAs can make loans to fire companies if its bylaws do not prohibit this type of transaction. The authorization of such loans should be approved by a vote of the membership at an association meeting and duly recorded in the minutes (Section 7416 (d)).

To provide adequate protection, the VFRA and the fire company should enter into a **formal written loan agreement**. This loan agreement should be signed by two officers of **both** the relief association and the fire company (4 separate individuals) and notarized. This loan agreement should include:

- Collateral provisions which pledge assets of the fire company and have a capital value equal to at least 150 percent of the amount of the loan.
- A reasonable amortization schedule for the loan.
- A reasonable rate of interest to be paid on the loan principal outstanding (minimum 3 percent).

If a vehicle is used as collateral, a lien should be registered with the Pennsylvania Department of Transportation's Bureau of Motor Vehicles.

Borrowing by Relief Associations

The VFRA Act allows VFRAs to borrow funds to operate in a businesslike manner. Section 7416 (f) (1), states:

(f) Use. 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.

Relief associations may borrow funds if the relief association's bylaws do not prohibit this type of transaction. The transaction must be authorized by a vote of the membership at an association meeting and duly recorded in the minutes (Section 7415 (a)).

The VFRA should enter into a formal written loan agreement with the lender that states:

- A specific payment schedule.
- A reasonable rate of interest.
- The specific assets that have been secured as collateral for the loan.

The VFRA **may not** collateralize the loan by a demand note, blanket judgment note, or a promissory note which does not specifically detail what has been placed as security.

If the loan is for an authorized vehicle, it should be titled in the name of the relief association. Loans may only be taken for authorized purposes in accordance with the Act and should be reported as a liability in the association's financial records.

Joint Vehicle/Equipment Purchase Agreements

If the relief association contributes towards the purchase of a vehicle that is titled in the name of the fire company, the association should execute a joint purchase agreement that details the VFRA's proportional share of ownership.

A joint purchase agreement should also be executed if the VFRA joins with the fire company and contributes toward the direct purchase (not a lease or loan) of authorized items of fire equipment (i.e., air packs, thermal imager, turnout gear, etc.).

A joint purchase agreement should include the following information (also access the Vehicle Agreement template online):

- Date of the agreement.
- Contribution amount.
- Description of item purchased.
- State when VFRA membership approved the agreement.
- Signatures of two officers of the VFRA and two officers of the fire company (4 separate officers).
- Total purchase price of vehicle and/or equipment.
- Prorated percentage.
- Responsibility for maintenance/repair/insurance.
- Assignment of ownership rights.

Retain all supporting documents which include the vehicle invoice with total purchase price, vehicle title (if applicable), copy of the lease, copy of the grant, and copy of the meeting minutes at which association members approved the action.

Lease-Purchase Agreements

VFRAs may use lease-purchase agreements through which a leased item becomes the VFRA's property at the end of the lease term. Such arrangements may be titled and/or structured as a "lease purchase" agreement or may be styled as installment sales or simple purchase by credit agreements. A formal written agreement should be executed between the relief association and the vendor including all related terms.

The association can enter into a lease-purchase agreement if its bylaws do not prohibit this type of transaction. The transaction must be approved by VFRA members during an association meeting and duly recorded in the minutes (Section 7415 (a)). The equipment acquired should be considered an authorized purchase under the provisions of the Act and listed on the equipment roster.

The lease-purchase agreement should be issued in the name of the relief association, not the fire company. This agreement should clearly establish:

- The equipment items being financed.
- The principal cost of the equipment items.
- The total amount of repayment (principal and interest).
- The interest rate being charged.
- The payment schedule and length of agreement.
- Penalty for late payment and provisions for premature termination of the agreement.

It is extremely important that association officers require that the interest rate be included in the agreement to make sure that the organization will not pay an excessive amount of interest during the lease term. VFRA officers should also spell out the total amount that will be spent through the agreement so that members understand the actual costs involved.

Surety (Fidelity) Bond Coverage

Section 7415 (c) (4), states that the VFRA's bylaws shall:

> 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 Department of the Auditor General interprets the term "maximum cash balance in current funds" as **the combined balance** of all checking, savings, money market and any other accounts which allow for the immediate disbursement or transfer of relief association funds via check, draft, withdrawal, or transfer of any type, including, but not limited to, electronic transfers.

The Surety (Fidelity) bond coverage must be at least as great as the highest combined total balance in these accounts at any time during the year. Relief association officials should anticipate the highest amount of cash on deposit and maintain a sufficient bond policy to cover the cash balance.

The bond should cover the VFRA's disbursing officer, but other applicable association officers may also be included for coverage as a prudent business practice. The bond should be issued solely in the relief association's name.

Cash balances within brokerage accounts may be taken into consideration when determining adequate bond coverage. Furthermore, while the Act does not require the bonding of investments, prudent business practice dictates that cash or cash equivalents, including those in brokerage accounts, should be bonded. The relief association may provide bond coverage to protect these assets.

State Sales Tax Exemption & Federal Tax EIN Numbers

Being exempt from certain taxes, a VFRA should apply for its own **state sales tax exemption certificate** and may not use the affiliated fire company's exemption number.

A VFRA should also obtain a **federal tax Employer Identification Number (EIN)** from the Internal Revenue Service and may not use the affiliated fire company's number. When opening accounts or purchasing investments, the VFRA should provide its EIN to the financial institution, or the institution may withhold 30% of the income earned as federal income tax withholding.

A VFRA may also wish to apply for federal income tax exemption as a not-for-profit corporation after seeking guidance from a professional tax consultant and legal counsel.

How to Apply for Tax Identification Numbers

To apply for a **state sales tax exemption certificate**, visit the Pennsylvania Department of Revenue website: www.revenue.pa.gov. Type "Application for sales tax exemption" into the website's search box.

To apply for a **federal tax EIN**, visit the U.S. Internal Revenue Service website: www.irs.gov and select/search for: "Apply for an Employer Identification Number (EIN)."

Section 5: Minutes & Rosters

Meeting Minutes

Section 7415 (a) requires that minutes of all relief association meetings be maintained to provide a permanent record of its business affairs and proof of the association's official actions. VFRA meeting minutes should be maintained separately from those of fire company meetings.

The minutes should record the membership's authorization expend funds, to purchase or sell association investments and all other business transacted at meetings. The association's secretary should date and sign meeting minutes to certify their authenticity and maintain all minutes as a permanent record.

Example meeting minutes are included in the Appendix.

Cumulative Equipment Roster

Maintaining a complete and accurate cumulative equipment roster of items purchased by the association is a prudent business practice. This roster should include any training, physical fitness, or office equipment purchased by the association, as well as these details:

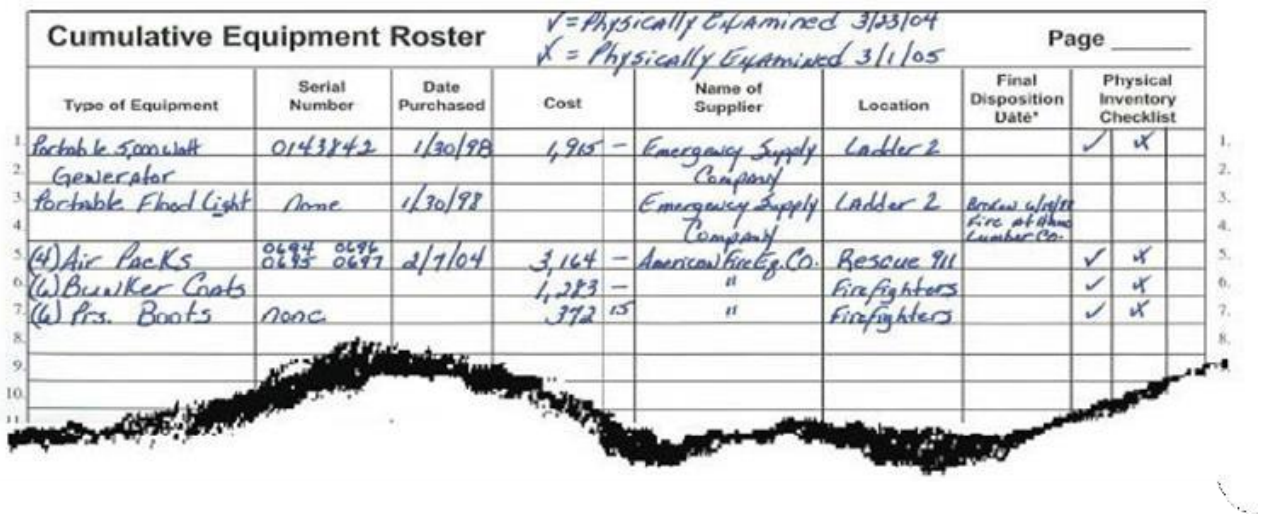
- Type of equipment purchased
- Date of purchase
- Unit cost
- Serial number (if applicable)
- Name of supplier from which it was purchased
- Current location of the item
- Date of physical inventory

At least once a year, the VFRA should conduct a **physical inventory** of all equipment it owns. The results of this physical inventory should be noted on the cumulative equipment roster and recorded in the minutes of meetings. Equipment that is both nominal in cost and disposable in nature, such as batteries and gloves, need not be maintained on the cumulative roster.

When an equipment item becomes inoperable and is disposed of or sold, a proper notation of such action should be made on the roster, recording the reason, date, and method of disposal or sale. *(Note: The VFRA should receive fair value for any equipment sold.)* The action should be approved at a meeting and recorded in the minutes (Section 7415 (a)).

The treasurer must allow the auditor to examine equipment during the audit and provide a copy of the cumulative equipment roster, an example of which is shown in Figure 1.

Figure 1. Roster of Equipment



Cumulative Equipment Roster ✓ = Physically Examined 3/23/04 ✗ = Physically Examined 3/1/05 Page _____

Type of Equipment	Serial Number	Date Purchased	Cost	Name of Supplier	Location	Final Disposition Date*	Physical Inventory Checklist	
Portable 5,000 Watt Generator	0143842	1/30/98	1,915 –	Emergency Supply Company	Ladder 2		✓	✗
Portable Flood Light	None	1/30/98		Emergency Supply Company	Ladder 2	Broken 6/14/98 Fire at Ahmo Lumber Co.		
(4) Air Packs	0694 0696 0695 0697	2/7/04	3,164 –	American Fire Eq. Co.	Rescue 911		✓	✗
(6) Bunker Coats			1,283 –	"	Firefighters		✓	✗
(6) Prs. Boots	none		372 15	"	Firefighters		✓	✗

Cumulative Membership Roster

The VFRA should maintain a cumulative roster of all **current and former** relief association members who qualify for association benefits and provide a copy of it to the auditor.

The VFRA's maintenance of an accurate roster assists with ensuring that benefits were provided only to individuals entitled to receive such benefits and/or that the benefit coverage obtained covered all eligible members. Although membership rosters are not specifically addressed in the VFRA Act, without access to an accurate membership roster, the auditor cannot be satisfied that disbursements to individual members have been adequately documented.

To qualify for relief association membership, an individual should currently or previously have participated in the fire service. In defining fire service, the VFRA Act at Section 7412, states:

> The service of organized groups of individuals, not only in training for and in active duty in the protection of the public against fire, but also in the training for and the performance of such other activities as are commonly undertaken by fire companies and their affiliated organizations, including, but not limited to, fire prevention, first aid, rescue and salvage, ambulance service, fire police work, radio communications, assistance at accidents, control of crowds both on the fire grounds and at occasions of public or general assembly, animal rescue, abatement of conditions due to storm, flood, or general peril, abatement or removal of hazards to safety, and participation in public celebrations, parades, demonstrations, and fundraising campaigns.

Simply being a member of the fire company does not in itself justify membership in a relief association. Also, individuals who join the affiliated fire company in only a social capacity do not qualify for association membership. Extending any type of benefits to individuals who do not participate in the fire service as defined by Section 7412 of the VFRA Act is not considered authorized.

Section 7415 (b) states, that the relief association's constitution or charter should include the following provisions:

(1) Shall state the name, the purposes, and the form of the organization.
(2) Designate the class or classes of persons eligible for membership and the procedures to be followed in making amendments.

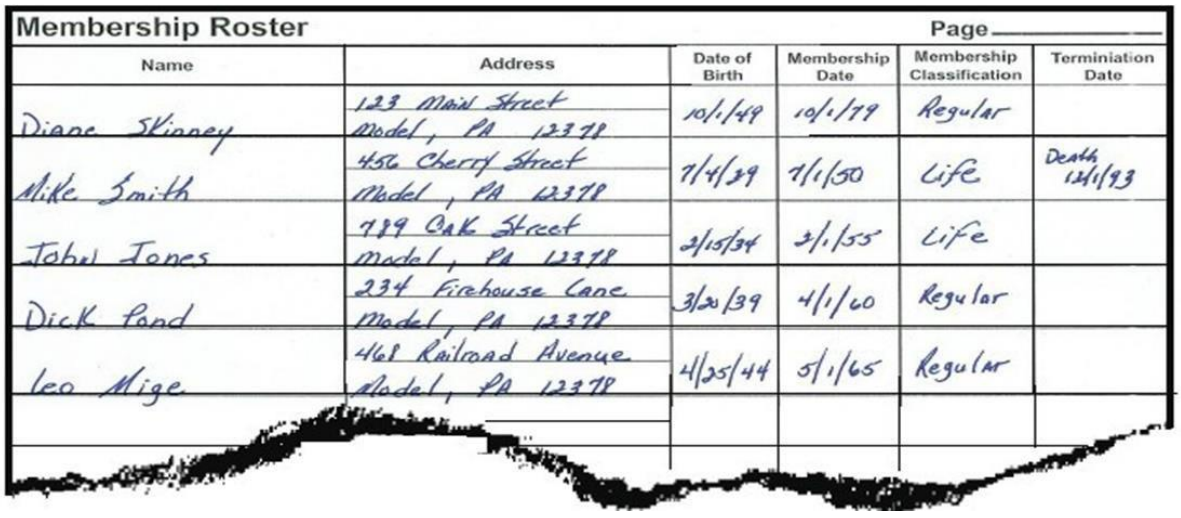
If the relief association bylaws designate different classes of members (i.e., Active, Inactive, Life, Junior, Associate, Auxiliary, etc.), the roster should indicate the membership classification of each individual and this classification should agree with the relief association's bylaws. VFRAs should also maintain documentation to support members' volunteer status.

A notation should be made on the membership roster in the event of a member's resignation or death.

Social Security numbers **should not** be included on the membership roster.

The membership roster should, at a minimum, record the name and address of each member, as shown in Figure 2 below.

Figure 2. Membership Roster



Membership Roster — Page _____

Name	Address	Date of Birth	Membership Date	Membership Classification	Termination Date
Diane Skinney	123 Main Street Model, PA 12378	10/1/49	10/1/79	Regular	
Mike Smith	456 Cherry Street Model, PA 12378	7/4/39	7/1/50	Life	Death 12/1/93
Jabel Jones	789 Oak Street Model, PA 12378	2/15/34	2/1/55	Life	
Dick Pond	234 Firehouse Lane Model, PA 12378	3/20/39	4/1/60	Regular	
Leo Mige	468 Railroad Avenue Model, PA 12378	4/25/44	5/1/65	Regular	

Section 6: Audit Readiness

What An Auditor Will Need

By law, the Department of the Auditor General conducts periodic compliance audits of relief associations. If an audit finds that a VFRA did not comply with applicable state laws, contracts, bylaws, and administrative procedures, state aid may be withheld.

VFRA officers should maintain records sufficiently detailing the source and purpose of all financial transactions and keep all supporting documentation to verify these transactions.

This guide outlines suggested record-keeping procedures which include maintaining a chart of accounts, journals, ledgers, financial statements, investment roster, equipment roster, and membership roster. All records should be presented in an orderly, businesslike manner and made available for review upon request.

The VFRA is responsible to send requested audit documents to the auditor in a timely manner (1 - 15 business days). Records may be provided in advance of any meeting with the auditor and may be provided electronically or by physical hard copies.

The association's treasurer should have the following documents available at the audit site, as applicable:

- Financial journals
- Financial ledgers
- Financial statements
- Checkbook and savings account passbook
- Duplicate deposit slip
- Original invoices for all expenditures
- Bank statements and account reconciliations
- Canceled or imaged checks
- Training certificates
- Mutual fund statements
- Death certificates to verify death benefits paid
- Custodial account statements and agreements
- Investment roster
- Investment documents
- Loan and mortgage agreements
- Insurance policies
- Faithful performance bond policy
- Minutes of all relief association meetings

- PA Sales Tax Exemption certificate
- Federal Tax Employer Identification Number (EIN) certificate
- Vehicle titles and agreements
- Joint purchase agreements
- Current relief association bylaws
- Lease purchase agreements
- Administrative policies (i.e., credit card, gas, gym memberships)
- Cumulative equipment roster
- Cumulative membership roster of the relief association
- Names, email addresses and addresses of all relief association officials.

The treasurer should arrange to have all investments and insurance policies available for examination by the auditor. The auditor will also need to review the cumulative equipment roster and will require access to perform a physical inventory of selected items.

All association documentation should be maintained until audited. Once audited, most financial records should be maintained for seven years from its origination. Before discarding financial records, association officers should ensure that a longer retention period is not required for other purposes. For example, an insurance requirement or legal matter may require that the association keep certain documents longer. Some documents (such as minutes of meetings, bylaws, and articles of incorporation) should be kept indefinitely.

Using financial record-keeping computer software is an acceptable alternative to hand-kept records, provided that adequate record-keeping is maintained. The use of the chart of accounts will make it easier for the treasurer to maintain an adequate accounting system.

For on-site audit work, the VFRA is required to provide the auditor with an adequate place to work which is well lighted and heated.

State Aid Withholding & Law Enforcement Referrals

State aid for VFRAs is subject to all applicable laws restricting its use. If an audit reveals issues such as unauthorized expenditures, fraud, the potential misappropriation of funds or other irregularities, the Department of the Auditor General may:

- **Withhold state aid funds** until the matter is resolved to the Department's satisfaction, and/or
- **Refer audit findings to law enforcement** for investigation to determine whether criminal prosecution may be warranted.

The Department of the Auditor General rigorously upholds all laws governing the use of state funds, including VFRA aid.

Section 7: Answers to Frequently Asked Questions

Benefits

1. Can the relief association pay pension benefits to volunteer firefighters?
No, state law does not authorize payment of any type of pension benefits.

2. What type of benefits is the relief association authorized to pay to its members or their families in the event of injury, illness, disability, or death?
The VFRA Act sets forth the type of benefits that can be paid under such circumstances. Some of the various benefits that can be provided are detailed below. The relief association can acquire insurance coverage to provide these benefits or pay the benefits directly from the fund. However, payment of any type of benefit must be properly authorized in the relief association bylaws and approved at an association meeting.

- Death Benefits - The association can pay a death benefit to the beneficiary or estate of a member in good standing.
- Relief Benefits - The association can make cash payments to members or their families who have been placed in distressed circumstances by reason of death, age, infirmity, or other disability which was a direct result of a family member's participation in the fire service.
- Medical Benefits - Members' medical and surgical bills which resulted from injuries sustained while participating in the fire service can be paid by the association to the extent that these bills are not covered by insurance provided by the association.
- Cost of protecting active firefighters against disease, including physicals and inoculations.
- Replacement or purchase of prosthetic devices such as visual aids, hearing aids, dentures, crutches, and the like, where such devices have been lost or damaged as a result of participation in the fire service or where the need for such devices was caused by participation in the fire service.
- For disability incurred after service for a minimum of 20 years as a volunteer firefighter.
- To provide funds to aid in the rehabilitation of volunteer firefighters who have suffered an impairment while participating in a fire service activity.
- To provide financial assistance to volunteer firefighters who, after having actively participated in the fire service for a specified minimum term, are no longer physically able to continue such participation and are in need of financial assistance.

Administrative

3. How long should relief association records be kept?
In general, most financial records should be maintained for seven years. During an audit by the Department of the Auditor General, auditors typically view receipts and invoices for funds received and disbursed during the audit period under review. Therefore, all documentation should be retained until audited, at a minimum. Before discarding financial records, relief association officers should ensure that a longer retention period is not required for other purposes. For example, an insurance requirement or legal matter may require that the relief association keep certain documents longer. Some documents, such as minutes of meetings, bylaws, articles of incorporation must be kept indefinitely.

4. Can 'social members' of a fire company be members of the affiliated relief association?
No, simply being a member of the fire company does not in itself justify membership in a relief association. Individuals who join the fire company in only a social capacity cannot qualify for relief association membership. To qualify for membership in a relief association, an individual must be currently active in the fire service or have actively participated in the fire service for a specified minimum period. Fire service participation is defined by § 7412 of the VFRA Act. If a relief association has different classes of members such as active, inactive, life, junior, associate, auxiliary, etc., the bylaws must designate the specific criteria for each membership classification and the membership roster should record the membership classification of each individual listed.

5. Can the association pay legal fees in connection with the conduct of its normal business operation?
Yes, the VFRA Act authorizes the payment of the cost of normal and reasonable running expenses incurred in administering relief association affairs. These expenses may include legal fees, office rental, officers' stipends, and the payment for office supplies.

6. Is the relief association required to incorporate under Pennsylvania's nonprofit corporation laws?
No, a relief association is not required to incorporate, but it may if the membership wishes to do so. Under the VFRA Act, a relief association may be a body corporate governed by a charter and bylaws, or it may be an unincorporated association governed by a constitution and bylaws. Incorporation as a nonprofit corporation will provide some benefits in providing protection for the members against possible financial liability.

7. Is a VFRA required to have a federal income tax Employer Identification Number?
Yes, because of federal tax law, a bank often withholds federal income tax from relief association investment income if the relief association does not have an Employer Identification Number. The relief association should obtain an Employer Identification Number from the Internal Revenue Service and provide this number to its financial institution.

8. Are VFRAs required to pay Pennsylvania sales tax on association purchases?
No, volunteer firefighters' relief associations qualify as charitable organizations and are entitled to exemption from state sales tax. The VFRA must first apply for a certificate of exemption from the Pennsylvania Department of Revenue to have the authority to make tax-free purchases.

9. Can members of an independently incorporated volunteer ambulance or rescue squad be included within the membership of a firefighters' relief association?
Yes, volunteer members of an independently incorporated ambulance service or rescue squad may be included within the membership of a firefighters' relief association. The ambulance and rescue squad must be affiliated with a fire company or fire department to qualify their members for relief benefits. However, the affiliation need not be a direct organizational tie. If an independent ambulance or rescue squad is recognized by municipal officials as forming part of the fire service for its area, its members can be included within a relief association, and would be eligible to receive the rights and benefits authorized by the provisions of the VFRA Act. The VFRA Act at § 7415 authorizes the bylaws of each relief association to define the requirements for membership. If the bylaws of local firefighters' relief associations restrict membership to members of fire companies, they can be amended to include volunteer members of affiliated but separately incorporated ambulance and rescue squads. If the local relief associations decide against expanding their membership, the volunteer members of ambulance and rescue squads could form their own relief association. However, to qualify for a portion of the municipality's foreign fire insurance tax allocation, the new association would have to gain recognition from the municipal governing body and meet the requirements set forth at in the VFRA Act at § 7412, that any non-fire-company affiliated relief association in existence and receiving funds as provided for under the subchapter prior to November 23, 2010 may qualify to receive a portion of the municipality's foreign fire insurance allocation.

10. Can the relief association reimburse the municipality for workers' compensation insurance on the firefighters?
Since the payment of workers' compensation insurance is the primary obligation of the municipality, the municipality may not compel the relief association to make reimbursement.

11. Can the relief association pay for criminal background checks?
Yes, criminal background checks can be paid for by the relief association for current and prospective members.

12. Can the relief association pay for a drug and alcohol testing program?
Yes, a drug and alcohol testing program can be funded by the relief association for current and prospective members.

13. Can the relief association purchase photo identification membership cards for its members?
No, the VFRA cannot purchase ID cards for the sole purpose of identifying an individual as a member. However, ID cards purchased as part of a personnel accountability system used at an emergency to report firefighters on scene is an acceptable expenditure.

14. Can paid EMTs be members of the relief association?
Paid emergency personnel who are also active members of a volunteer fire company, volunteer ambulance association, or volunteer rescue company are eligible for benefits from the affiliated relief association **only when acting as volunteers on their off-duty hours**. Paid emergency personnel are eligible for insurance and other relief association benefits during periods when acting solely in a volunteer capacity.

15. What action should VFRA officers take if the merger of two or more volunteer fire companies necessitates the merger of their affiliated relief associations?
Since circumstances and conditions of the merger of relief associations differ according to the specific situation, no step-by-step policy has been established for the merger of two or more relief associations. It is recommended that the respective associations seek legal counsel for direction on proper merger procedures. The cost of the legal fees incurred for the merger may be paid with association funds.

16. If the relief association pays for the partial cost of a fire apparatus, is the relief association required to be reimbursed if the apparatus is sold?
Yes, at the time the apparatus is purchased, the prorated amount paid with relief association funds should be determined. A written agreement should be made with the fire company which guarantees that the association will receive that prorated share of the proceeds, as a percentage of the original cost, if the apparatus is sold.

17. Is the relief association required to competitively bid equipment purchases?
Although the VFRA Act does not require the relief association to seek bids when purchasing equipment, it is a good business practice to obtain bids, or at a minimum, competitively price such purchases by checking multiple vendors. Price quotes for the equipment should be reported to the membership at a regular meeting and duly recorded in the minutes. Equipment should be purchased from the vendor that meets the equipment specifications at the lowest quoted price.

18. Who determines how much in foreign fire insurance tax money a relief association will receive from a municipality, if that municipality is served by more than one relief association?
The governing body of the municipality has the responsibility of allocating the annual foreign fire insurance tax distribution which it receives to those relief associations which it has recognized and certified to the Department of the Auditor General. The municipality must certify to the Department that it has disbursed its entire annual distribution of foreign fire insurance tax to the relief association(s) which it recognizes. The municipality has the discretion to allocate its annual distribution to the relief associations which it recognizes as it deems appropriate.

19. Can a VFRA borrow through the state's Fire and Emergency Medical Services Loan Fund?
No. The Fire and Emergency Medical Services Loan Fund, created under Act 91 of 2020, as amended, makes low-interest loans available to fire and EMS companies, but does not provide for the participation of volunteer firefighters' relief associations in the loan program. Contact the Office of the State Fire Commissioner for more information about loan programs.

20. Can VFRA funds be used to pay for the matching portion (cost-share percentage) of a fire company grant obtained from the Federal Emergency Management Agency, Department of Homeland Security?
Yes, provided that the grant is used to purchase equipment items authorized under the provisions of the VFRA Act, and that the transaction is authorized by the membership at a meeting. Federal grant regulations require that the fire company retain ownership of equipment acquired with the grant monies for a minimum required period. The fire company and relief association must enter into an agreement which provides that the ownership of the equipment will be transferred to the relief association after the grant requirements are fulfilled. Upon transfer of ownership, the equipment should be listed on the relief association's cumulative equipment roster.

Training

21. Can relief association funds be used to pay for firefighter training classes?
Yes, an association may expend funds for travel, books, tuition, meals, lodging, and other reasonable expenses incurred for firefighting and rescue techniques. First responder, first aid, and EMT training is also a permissible expenditure, including costs for basic and select advanced training so long as the training meets Pennsylvania Department of Health approved paramedic certification training requirements; is authorized per relief association bylaws/policies; and are for volunteer staff only. Additional expenditures that fall under training expenses such as equipment purchases for items used in training, subscriptions directly related to trainings, materials for fire prevention for public distribution and social media costs may be approved expenditures. Although, all such expenditures must be approved at an association meeting. Training for paid ambulance/rescue squads and advanced college courses are not authorized training expenditures. The Pennsylvania Office of the State Fire Commissioner makes the final determination on all authorized expenditures.

22. Can the relief association pay for the development and cost of a website?
Yes, a relief association may develop a website to promote fire safety programs, training, and education, and to describe what a relief association can provide for members and the community. Cost for the website development may be paid from relief association funds. Relief associations will need to exercise sound judgement on how a website is developed and what kind of information will be displayed.

23. Can the relief association pay for subscriptions to firefighting magazines?
Yes, if the magazines are strictly related to fire service and will aid in promoting the safety and training of volunteer firefighters.

24. Can a CPR or rescue training manikin be purchased with relief association funds?
Yes, a CPR or rescue training manikin would be considered a training aid, provided it is utilized only to train relief association members in CPR and rescue techniques.

Equipment

25. Can the relief association purchase cell phones?
Yes, cellular phones may be purchased for use in emergency vehicles. Cellular phones are authorized for restricted use. Such purchased phones are to be a basic package and only one cellular phone is authorized per emergency vehicle.

26. Can the relief association purchase pagers?
Yes. Standard alerting pagers capable of one-way voice communication as well as digital or analogue-type alpha-numeric pagers are considered authorized expenditures. The combination-type phone systems which provide the paging, phone capabilities, and two-way direct connect communication are also considered authorized. It is recommended that relief associations purchasing this type of communication equipment for their members establish written guidelines or regulations on the use of those systems. These guidelines should require reimbursement from members whose actions cause additional costs to a relief association through personal use of the system. Relief associations should initially purchase minimum basic use packages until it is determined that upgraded packages are warranted.

27. Can a defibrillator be purchased with relief association funds?
Yes, a defibrillator would be considered an authorized purchase provided it is maintained on the fire apparatus so it is available for treatment of a firefighter in cardiac arrest. The defibrillator, as well as other medical equipment such as aspirators, inhalators, and resuscitators, can be purchased so it is available in the event a firefighter is injured. This equipment should not be purchased if its primary use is to provide service to the public.

28. Can the relief association pay for the emergency lights and a two-way radio to be installed in the fire chief's personal vehicle?
Yes, emergency lights, sirens, and two-way radios can be purchased with relief association funds. The definition of "emergency vehicle" in the Vehicle Code cannot be used to determine whether one, two, or three radios can be purchased for personal vehicles of the fire chief or any assistant chiefs. The Department has determined that their purchase would be considered a safeguard as long as the quantity purchased is reasonable and is restricted to the fire chief's and assistant chiefs' vehicles.

29. Can the relief association purchase a video camera monitoring system and intercom system for installation on a fire apparatus?
Yes, a video camera or intercom system on a fire apparatus would be considered safety-related items.

30. Can the relief association pay for a washer used to clean turnout gear?
Yes, provided that the machine has the capacity to clean and decontaminate protective clothing worn by firefighters.

31. Can association funds be used to purchase latex gloves and pocket face masks to protect members against the transmission of communicable diseases?
Yes, the purchase of items which are specifically intended to protect emergency personnel from the dangers of communicable diseases which may exist at an emergency scene would be authorized.

32. Can first aid supplies and equipment be purchased with relief funds?
Yes, the relief association can purchase first aid equipment to aid firefighters injured in the line of duty. Relief funds should not be used to purchase first aid supplies or medical equipment such as aspirators (suction unit), defibrillators, inhalators, or resuscitators (bag valve masks) carried on an ambulance or other emergency vehicle and used primarily to serve the public during day-to-day emergency responses.

33. Can the relief association pay for the repair and reconditioning of turnout gear?
Yes, this department has authorized expenditures for repair, decontamination, and cleaning of protective clothing, provided the clothing was originally purchased and owned by the relief association.

34. Can relief association funds be used to purchase small hand tools?
Yes. Small hand tools such as wrenches, hammers, screwdrivers, socket sets may be purchased by the relief association so they can be used to maintain association-owned equipment. Since such items can be costly, the tools should be listed on the equipment roster for accountability purposes.

35. Can the relief association pay for the cost of the installation of an exhaust removal system in the fire company's apparatus room?
Yes, since the carbon monoxide gas that is emitted from emergency vehicles could endanger the health of volunteer firefighters, a system to remove vehicle emissions would be a permissible expenditure.

36. Would the purchase of a fire hose tester be permissible under the VFRA Act?
Yes, a fire hose tester is considered safety related, provided that it is specifically designed to protect the firefighter against the dangers associated with hose failure. Hose testing by an outside vendor would also be a permissible expenditure.

37. Can the cost of stress testing on aerial ladders be paid with relief association funds?
Yes, since the primary purpose of such testing is to ensure the safety of volunteer firefighters.

38. Can the relief association pay for the maintenance on fire company owned equipment?
No, the VFRA cannot pay to maintain or repair equipment or vehicles purchased and owned by the fire company. Association funds can only be used to maintain association-owned equipment and vehicles. This equipment must be listed on the association's cumulative equipment roster.

39. Can a relief association pay the monthly payments on a lease-purchase or loan agreement in the name of the fire company, if the equipment is permissible by the VFRA Act?
A relief association may make the payments on the lease-purchase or loan agreement only if a formal written agreement is made between the fire company and the relief association, transferring ownership of the equipment to the relief association upon liquidation of the agreement.

40. Can computers be purchased with VFRA funds?
Yes, the relief association may purchase one desktop or laptop computer for each affiliated fire company, and one laptop for HAZMAT responses and on-scene information for each emergency service vehicle housed in the fire companies that are affiliated with the relief association. It is recommended that relief association computers be maintained in the fire house or on the emergency vehicle. Access to the computers should be restricted to authorized personnel, and use should be limited to relief association and emergency service-related business. Computer programs for financial record-keeping, fire training, and emergency service reporting for NFIRS are authorized expenses by a relief association, as well as charges for a dedicated phone line and local internet services. The association may purchase the software required for computer networking, but expenditures for the purchase of ISP hardware specific for networking will not be permitted. (Note: Payments for a dedicated phone line and internet services should be reported as equipment maintenance in the VFRA's financial records.)

Insurance

41. Can the relief association pay for accident insurance coverage on members of the auxiliary/ladies' auxiliary?
If the members of the auxiliary/ladies' auxiliary participate in the fire service (as defined at § 7412 of the VFRA Act) and are considered members of the relief association, they would be entitled to participate in benefits made available to members, including accident insurance coverage.

42. Can the VFRA pay for "errors and omission" insurance coverage on fire company members?
Yes, the VFRA Act allows funds to be expended for liability insurance covering volunteer firefighters and special fire police. The amendment provides liability protection for firefighters for loss and expense from claims arising out of the performance of their official, authorized duties or while performing duties as special fire police.

Miscellaneous Expenditures

43. Can the relief association reimburse a member for personal clothing ruined at a fire scene?
Yes, a relief association may reimburse its members for the damage to or loss of personal property items while participating in an emergency call.

44. Can the relief association pay for flowers for the funeral of a deceased member?
Yes, the association can pay the cost of procuring tokens of sympathy and goodwill such as

flowers, fruit baskets, or memorial contributions to charitable organizations for members who die.

45. Can VFRA funds be used to purchase dress uniforms for firefighters and fire police?
No, dress uniforms do not qualify because they are not protective in nature and do nothing to enhance the health and safety of personnel. Turnout gear and overalls, as well as reflective capes, eight-point or round hats, and badges for fire police, are considered valid expenditures because they protect personnel from dangers at the emergency scene.

46. Can the relief association make donations to charitable organizations?
No. A relief association may not make monetary donations to any organization. A VFRA may donate relief association-owned equipment that is no longer in service to another relief association. If such a donation of equipment occurs, an agreement documenting the transfer must be completed between the participating relief associations.

47. Can the relief association pay for health club/gym memberships or maintain an aerobic center in order to keep firefighters physically fit?
Yes, the relief association may expend funds to maintain a comprehensive health, physical fitness, and physical monitoring program. The program should provide physical fitness activities limited to range of motion and aerobic strength conditioning, nutrition education and instruction, and fitness evaluation and monitoring. **The program must be approved and monitored by a state-licensed health-care facility and/or a licensed health-care provider authorized to provide the service.** The VFRA may also purchase exercise and fitness equipment for the exclusive use of volunteer firefighters.

48. Can relief association funds be used to pay the Pro Board Registration fee for members who attain firefighter certification?
Yes, the Pro Board registry enables fire service and related organizations to more easily verify that a firefighter has met established certification requirements.

49. Can a VFRA purchase materials for the purpose of educating the public in fire prevention?
Yes, the relief association can purchase fire prevention items such as tot finders, comic books, and pencils for public distribution.

50. Can the relief association pay for household smoke detectors for public distribution?
Yes, a VFRA may purchase household smoke detectors for distribution to residents of only the affiliated fire company's coverage area.

51. Can a VFRA pay for a sprinkler system and/or fire detection system in the fire station?
Yes, the relief association may pay for the cost of the installation and maintenance of a sprinkler or fire detection system in the fire station in accordance with building code requirements. Because the installation can be costly, a joint purchase agreement should be established to guarantee that the relief association receives a pro-rata portion of the sales proceeds in the event the building is sold.

52. Can the relief association pay for the installation of a non-slip floor in the fire station?
Yes, the relief association can pay the cost of installing a non-slip floor in the fire station. Because the installation can be costly, a joint purchase agreement should be established to guarantee that the relief association receives a pro-rata portion of the sales proceeds in the event the building is sold.

Appendix

Online Sample Forms to Help with Accounting & Transactions

Sample forms to help VFRAs maintain a simplified accounting system and properly document certain transactions can be found online: www.paauditor.gov/vfra-forms-and-publications.

Select a form name below to access it online.

706B Form E-Filing User Guide

State Aid Calculation *(Example)*

Chart of Accounts

Journals and Ledgers:

- Checking Account Ledger
- Savings Account Ledger
- Receipt Ledger
- Disbursement Ledger

Financial Statement

Investment Roster – CDs

Cumulative Equipment Roster

Cumulative Membership Roster

Donation of Equipment Agreement *(Example)*

Lease-Purchase /Loan Agreement *(Example)*

Joint Vehicle Purchase Agreement *(Example)*

Loan to Fire Company Agreement *(Sample)*

Investments

Loans to Relief – Liabilities

Loans/Mortgages

Chart of Accounts

To make it easier for relief association officials to maintain adequate records, monitor financial activity, evaluate the effectiveness of operations, promote common terminology, and standardize financial statements, this guide includes an example "Chart of Accounts" which classifies financial transactions into specific categories.

The most common volunteer firefighters' relief association receipts and disbursements have been categorized and assigned classification numbers. (See sample "Chart of Accounts" below).

Each financial transaction should be analyzed to determine the assignment of a classification number from the chart of accounts. This number is entered in the appropriate column of the journal when the receipt or disbursement is recorded and serves as a cross-reference to the appropriate ledger where the date and amount of the transaction is entered under that classification number (see "Maintaining Journals & Ledgers" on Page 13). By reviewing the ledgers and totaling each classification column, the treasurer can, for any reporting period, easily determine the amount received or disbursed for each type of financial category. Using this system will make it easier for the treasurer to compile financial reports presented at the association's regular meetings and to prepare annual financial statements.

A chart of accounts should be maintained with the relief association's financial records to identify the classification numbers. If a financial transaction does not fall into one of the established categories, the treasurer should establish a new account title and assign it a sequential classification number. This new title should be added to the association's chart of accounts and the corresponding column included in the ledgers.

Receipts

100 - Commonwealth Allocation(s): State aid funding received annually.

110 - Interest Income: Any interest received from investments. For example: interest from a certificate of deposit, savings account, checking account, or money market account.

120 - Dividend Income: Dividends received from investments such as stocks or mutual funds.

130 - Investments Sold (cost): Record the sale of the investments at the original cost. Any accrued interest received upon the sale of an investment should not be included here but separately reported as interest income. If gain or loss occurs on a sale of an investment, the gain or loss should also be recorded.

140 - Investment Return (gain/loss): The gain or loss incurred upon the sale of an investment. The gain or loss represents the difference between the original purchase price of the

investment and the proceeds received from the sale of the investment (excluding any associated interest or dividends received at the date of sale).

150 - Contributions/Donations: Contributions or donations received from any source such as a municipality, fire company, or individual.

160 - Reimbursements: Reimbursements or refunds received from any source such as a refund of an overpayment of a bill, a reimbursement of an unauthorized expenditure, etc.

170 - Proceeds from Equipment Sold: Proceeds from any items owned by the relief association that are sold.

180 - Membership Dues: Dues paid by affiliated fire company members to maintain membership in the association. (Note: the VFRA Act does not require relief association dues to maintain membership. An association may implement such a requirement; however, a bylaw provision should authorize such a charge.)

190 - Insurance Claims: Any funds received by the relief association because of a claim on a relief association insurance policy.

Disbursements

500 - Investments Purchased: Any security purchased with relief association funds, including association loans and mortgages.

505 - Bond Premiums: Officer's bond insurance coverage purchased by the association.

510 - Insurance Premiums: Any insurance coverage purchased by the association which includes accident and health insurance, errors and omissions insurance, life insurance, etc.

520 - Equipment Purchased: Equipment purchased by the relief association. This category should include "safeguard" equipment (i.e., self- contained breathing apparatus), equipment related to training (i.e., TV, VCR), and administration-related equipment (i.e., computer, copy machines).

530 - Equipment Maintenance: Cost of maintenance and repairs to equipment owned by the relief association. Payments for cellular phone service, internet provider services, and cost of a dedicated phone line for the relief association computer should be recorded under this category.

540 - Death Benefits: Payments made to the beneficiary of a deceased member if such payments are authorized by the bylaws.

550 - Relief Benefits: Any type of benefit paid to or on behalf of a member. For example: Medical expenses incurred because of a fire service injury, cost of replacing personal items of a member which were damaged or lost at an emergency scene, or any type of financial assistance paid to a member as authorized in the bylaws.

Figure 3: Sample Chart of Accounts

Township Volunteer Firefighters' Relief Association
Chart of Accounts

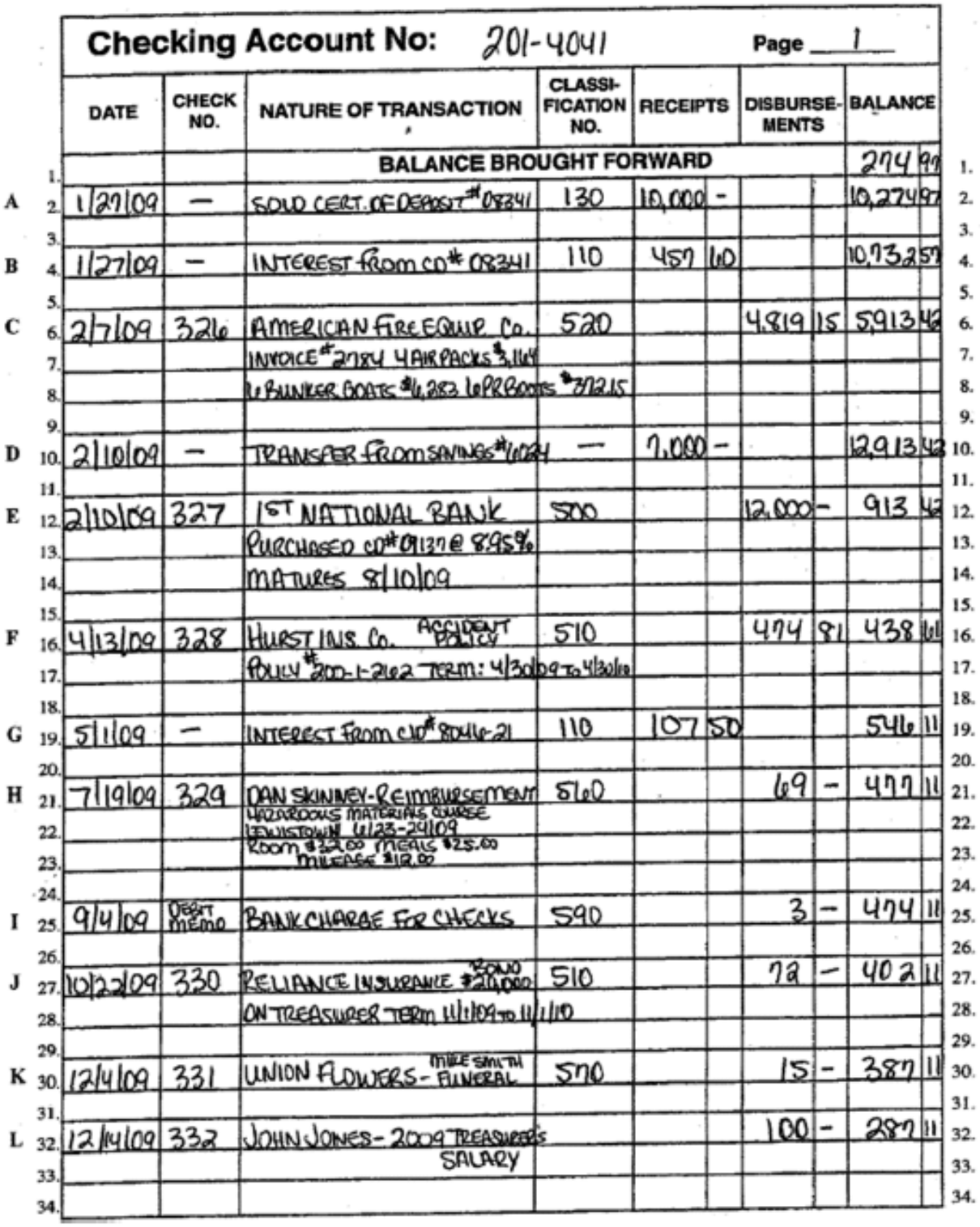
Receipts

No.	-	Classification
100	-	Commonwealth Allocation(s)
110	-	Interest Income
120	-	Dividend Income
130	-	Investments Sold (cost)
140	-	Investment Return (gain/loss)
150	-	Contributions/ Donations
160	-	Reimbursements
170	-	Proceeds from Equipment Sold
180	-	Membership Dues
190	-	Insurance Claims
200	-	
210	-	
220	-	
230	-	
240	-	
250	-	
260	-	
270	-	
280	-	
290	-	

Disbursements

No.	-	Classification
500	-	Investments Purchased
505	-	Bond premiums
510	-	Insurance Premiums
520	-	Equipment Purchased
530	-	Equipment Maintenance
540	-	Death Benefits
550	-	Relief Benefits
560	-	Training Expenses
570	-	Tokens of Sympathy & Goodwill
580	-	Fire Prevention Material
590	-	Administrative Expenses
600	-	Principal Payments on Loan
610	-	Interest Payments on Loan
620	-	
630	-	
640	-	
650	-	
660	-	
670	-	
680	-	
690	-	

Figure 4. Journal Detailing Checking Account Transactions



Checking Account No: 201-4041 **Page** 1

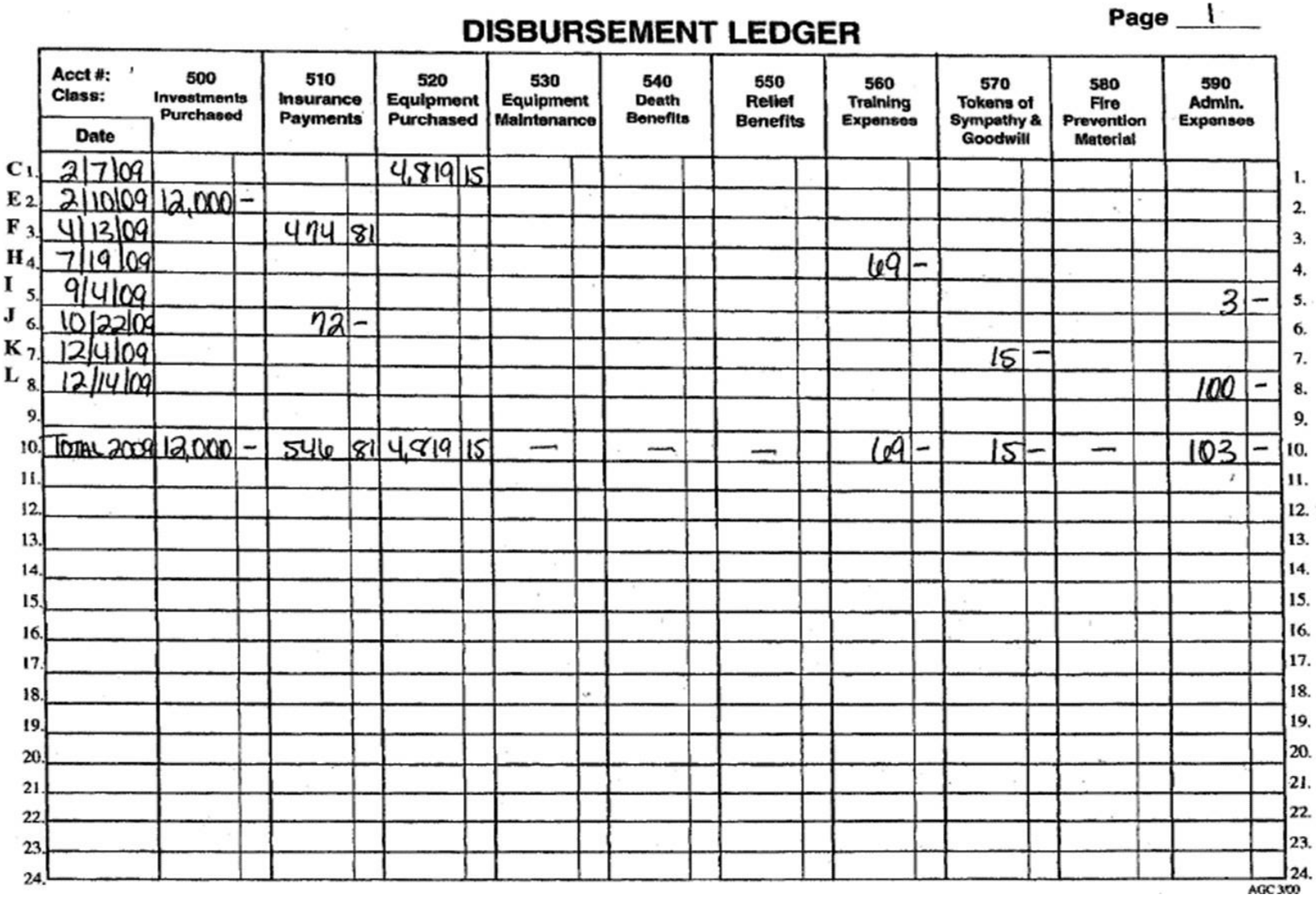
	DATE	CHECK NO.	NATURE OF TRANSACTION	CLASSIFICATION NO.	RECEIPTS	DISBURSEMENTS	BALANCE
			BALANCE BROUGHT FORWARD				274 99
A	1/27/09	—	SOLD CERT. OF DEPOSIT #08341	130	10,000 -		10,274 99
B	1/27/09	—	INTEREST FROM CD# 08341	110	457 60		10,732 59
C	2/7/09	326	AMERICAN FIRE EQUIP Co.	520		4,819 15	5,913 44
			INVOICE #2784 4 AIR PACKS $3,164				
			1 BUNKER BOATS $1,283 10 PR BOOTS $372.15				
D	2/10/09	—	TRANSFER FROM SAVINGS #1024	—	7,000 -		12,913 44
E	2/10/09	327	1ST NATIONAL BANK	500		12,000 -	913 44
			PURCHASED CD# 09137 @ 8.95%				
			MATURES 8/10/09				
F	4/13/09	328	HURST INS. Co. ACCIDENT POLICY	510		474 81	438 63
			POLICY #200-1-2162 TERM: 4/30/09 TO 4/30/10				
G	5/1/09	—	INTEREST FROM CD# 80416-21	110	107 50		546 11
H	7/19/09	329	DAN SKINNER-REIMBURSEMENT	560		69 -	477 11
			HAZARDOUS MATERIALS COURSE				
			LEWISTOWN 6/23-24/09				
			ROOM $32.00 MEALS $25.00				
			MILEAGE $12.00				
I	9/4/09	DEBIT MEMO	BANK CHARGE FOR CHECKS	590		3 -	474 11
J	10/22/09	330	RELIANCE INSURANCE BOND $20,000	510		72 -	402 11
			ON TREASURER TERM 11/1/09 TO 11/1/10				
K	12/4/09	331	UNION FLOWERS - MIKE SMITH FUNERAL	570		15 -	387 11
L	12/14/09	332	JOHN JONES - 2009 TREASURER'S SALARY			100 -	287 11

RECEIPT LEDGER

Page 1

		Acct #: / Class: / Date	100 Commonwealth Allocation	110 Interest Income	120 Dividend Income	130 Investments Sold (cost)	140 Investment Return (gain/loss)	150 Contributions/ Donations	160 Reimbursements	170 Proceeds from Equipment Sold	180 Membership Dues	190 Insurance Claims	
M	1.	1/20/09							216 –				1.
A	2.	1/27/09				10,000 –							2.
B	3.	1/27/09		457 60									3.
N	4.	2/10/09				6,000 –							4.
O	5.	2/10/09		1,373 47									5.
G	6.	5/1/09		107 50									6.
Q	7.	7/2/09		32 37									7.
R	8.	8/10/09								1,076 50			8.
S	9.	9/10/09						100 –					9.
T	10.	10/31/09	1,254 49										10.
U	11.	11/4/09		107 50									11.
V	12.	11/4/09	210 56										12.
W	13.	12/31/09		41 04									13.
	14.												14.
	15.	TOTAL 2009	1,465 05	2,119 48	—	16,000 –	—	100 –	216 –	1,076 50	—	—	15.
	16.												16.
	17.												17.
	18.												18.
	19.												19.
	20.												20.
	21.												21.
	22.												22.
	23.												23.
	24.												24.

Figure 5. Receipt Ledger



DISBURSEMENT LEDGER

Page 1

	Acct #: / Class: / Date	500 Investments Purchased	510 Insurance Payments	520 Equipment Purchased	530 Equipment Maintenance	540 Death Benefits	550 Relief Benefits	560 Training Expenses	570 Tokens of Sympathy & Goodwill	580 Fire Prevention Material	590 Admin. Expenses	
C	1. 2/7/09			4,819 15								1.
E	2. 2/10/09	12,000 -										2.
F	3. 4/13/09		474 81									3.
H	4. 7/19/09							69 -				4.
I	5. 9/4/09										3 -	5.
J	6. 10/22/09		72 -									6.
K	7. 12/4/09								15 -			7.
L	8. 12/14/09										100 -	8.
	9.											9.
	10. TOTAL 2009	12,000 -	546 81	4,819 15	—	—	—	69 -	15 -	—	103 -	10.
	11.											11.
	12.											12.
	13.											13.
	14.											14.
	15.											15.
	16.											16.
	17.											17.
	18.											18.
	19.											19.
	20.											20.
	21.											21.
	22.											22.
	23.											23.
	24.											24.

AGC 3/00

Figure 6. Disbursement Ledger

Tick Mark Legend For Description of Transactions

A) This entry records the receipt of funds from the sale of a certificate of deposit. When recording the sale of investments in the journal, the treasurer should note the type of investment sold, the certificate number, the date of sale, and proceeds received from the sale. By referring to the chart of accounts, it can be determined that the investments sold classification number is 130, which is entered in the appropriate column of the journal. The transaction is then posted to the investment sold column of the ledger. It should also be posted to the investment roster.

B) Entry "B" records certificate of deposit interest deposited into the checking account. The journal entry should indicate the date, amount of deposit, and clearly identify the certificate number of the investment from which the interest was derived. The interest income chart of accounts number is 110, which is also entered in the journal. The transaction is then posted to column 110 of the ledger.

C) Entry "C" records an expenditure made for the purchase of protective fire equipment. Journal entries of this nature should note the date and amount of the expenditure, check number, name of the company to which the check was issued, and a detailed description of the items of equipment purchased. Reference to the chart of accounts indicates that classification number 520 is assigned to all expenditures for protective equipment and is entered in the journal. The amount and date of this transaction is also entered in the ledger. Furthermore, equipment purchases should be posted to the equipment roster.

D) The journal should note all transfers between the relief association's checking and savings accounts, indicating the date and amount of the transfer. Transfers between cash accounts are not classified in the chart of accounts since they are not reported on the financial statement. No classification number is recorded for this type of transaction, and it is not posted to the ledger.

E) This entry records the purchase of a certificate of deposit. When recording investment purchases, the journal should note the date, check number, and amount of purchase, and also detail the type of investment purchased, certificate number, the depository from which the investment was purchased, interest rate, date of maturity, and the chart of accounts classification number for the investments purchased category, which is 500. The transaction amount is also posted under classification number 500 in the ledger. The security information should then be entered on the investment roster.

F) Entry "F" records an insurance premium payment. Journal entries for insurance expenditures should note the date and amount of the expenditure, check number, name of the insurance company, type of policy, policy number, term of policy, and appropriate classification number. Insurance premium payments should also be posted to the ledger.

G) The receipt of interest is again recorded in entry "G." When recording interest income, the journal should always detail the date, amount of deposit, certificate number of the investment from which the interest was derived, and the chart of accounts classification number 110. The receipt is then posted to the appropriate column of the ledger.

H) This entry records the reimbursement made to a firefighter for expenses incurred while attending fire school. The journal entry for fire school expenses should record the date, amount, check number, and chart of accounts classification number. It should also note the name and date of thecourse attended, and it should itemize the expenses incurred. The date and total amount of the reimbursement is also posted to the training expense column of the ledger.

I) Entry "I" records a bank charge for check printing. No check number is indicated since it was deducted directly from the checking account by a bank debit memo. Often the association overlooks bank service charges deducted on the bank statements. Bank statements should be closely reviewed to make sure that all bank debits and credits are recorded. Bank charges should be recorded under administrative expenses. The chart of accounts classification number for that category, 590, should be posted to the journal. Bank charges are also posted to the administrative expense column of the ledger.

J) This entry records the payment of an officer's bond premium. Journal entries of this type should include the amount and date of expenditure, check number, name of insurance company, amount of coverage, officers covered, term, and classification number 510. The transaction should also be posted to column 510 in the ledger.

K) Entry "K" records the purchase of flowers for the funeral of a deceased firefighter. Along with the date, check number, and amount of the expenditure, the journal entry should name the individual for whom the purchase was made and the store to which the check was issued. The purchase of flowers falls under the chart of accounts category, "Tokens of Sympathy and Goodwill." The classification number for this category, 570, should also be included in the journal, and the transaction amount should be posted to column 570 in the ledger.

L) This entry notes the payment made to the treasurer for his approved stipend. The date, check number, officer's name, and stipend amount is noted in the journal. Officers' stipends are considered an administrative expense. The corresponding classification number, 590, is entered in the journal, and the transaction is posted to that column in the ledger.

M) Entry "M" records a reimbursement received as a result of an overpayment of a relief association insurance premium. The entry notes the date, specific source of the receipt, account classification number, amount deposited in the journal, and the amount and date of deposit in the ledger.

N) When recording the sale of investments in the journal, the treasurer should be sure to note the type of investment sold and certificate number, the date of sale, the investment sold classification number, and the proceeds received from the sale. Theappropriate posting should also be made in the ledger and the investment roster.

O) This entry records interest received from acertificate of deposit which was deposited into the relief association's savings account. Posted to the journal is the date, certificate number of the security from which the interest was earned, applicable account classification number, and the amount of deposit. The transaction amount and date are also posted in the ledger.

P) Entry "P" records a transfer from the association's savings account and notes that the purpose of the transfer is for the purchase of a certificate of deposit. NOTE: All transfers between cash accounts should be recorded in the journal but are not shown on the financial statement; therefore, no chart of accounts classification number is assigned and transfers are not recorded in the ledger.

Q) Interest income earned on the savings account is also recorded in the journal noting the date of interest posting, amount, and account classification number. The amount of interest received is also posted under the interest income column in the ledger. The treasurer should periodically take the savings account passbook to the bank to have the interest posted, particularly at the end of the year.

S) This journal entry notes the receipt of a donation made to the relief association. By referring to the chart of accounts, it is determined that donations to the relief association from any source are categorized under "Contributions/Donations," account classification number 150. The journal entry for this particular transaction, like all receipts, should indicate the date, exact source of the receipt, classification number, and the amount deposited. The date and transaction amount are recorded in the ledger.

T) This entry records the receipt of the Commonwealth allocation. The journal entry should note the date the allocation was deposited into the relief association account, amount, the name of the municipality from which the allocation was received, and the date the association received the allocation check from the municipality. The chart of accounts classification number for "Commonwealth Allocation(s)" is 100. The ledger entry records the date and amount received under classification 100.

U) Entry "U" records another receipt of certificate of deposit interest. It is extremely important that the certificate number of the investment from which the interest was derived is recorded in the journal, along with all the other pertinent information. The ledger should record the date and amount of interest received.

V) This entry records the receipt of a Commonwealth allocation from a second municipality. The posting is made in the same manner as outlined in entry "T."

W) Entry "W" represents the year end interest posting to the savings account. The journal entry records the posting date, amount, and chart of accounts classification number. The receipt is also recorded in the appropriate column of the ledger.

Recording Investment Transactions

Investment transactions require careful recordkeeping. Problems can arise when the relief association fails to maintain a detailed list of its investment holdings, a document that should be provided to an auditor. To avoid problems, a detailed investment roster should be maintained to provide the following information for each investment:

- Type of investment
- Certificate number
- Date purchased
- Cost of investment purchased
- Maturity date
- Interest rate
- Date of sale of investment
- Proceeds from sale of investment

When the relief association purchases an investment, in addition to recording the transaction in the journal and ledger, the treasurer should immediately record the pertinent information on the investment roster. When an investment is sold, the treasurer should note the date of sale and the amount received from the sale of the investment on the roster. Any renewal of an investment, such as a certificate of deposit, should also be recorded on the roster. In most cases, interest earned on the certificate is reinvested at the date of renewal.

Although the certificate number remains the same, the cost value at the date of renewal, the maturity date, and the interest rate changes. This information should be posted as a new entry on the investment roster. The last two entries in Figure 7 illustrate how to record the renewal of a certificate of deposit.

Figure 7. Roster Detailing Investment Holdings

Investment Roster Page 1

	Type of Investment	Certificate Number	Date Purchased	Cost	Maturity Date	Interest Rate	Date Sold	Proceeds From Sale
1.								
2.	US SAVINGS BOND	201-[illegible]2114	4/12/06	500 -	4/12/13	7%		
3.								
4.								
5.	CERTIFICATE OF DEPOSIT	9385-21	8/10/05	6,000 -	2/10/09	4.5%	2/10/09	6,000 -
6.	(EAST PENN BANK)							+ INTEREST $1,373.47
7.								
8.	CERTIFICATE OF DEPOSIT	80416-21	5/4/08	2,000 -	11/4/10	10.75%		
9.	(1ST NATIONAL BANK)							
10.								
11.	CERTIFICATE OF DEPOSIT	08341	7/27/08	10,000 -	1/27/09	9.15%	1/27/09	10,000 -
12.	(1ST NATIONAL BANK)							+ INTEREST $457.60
13.								
14.	CERTIFICATE OF DEPOSIT	09137	2/10/09	12,000 -	8/10/09	8.95%	* (RENEWED AT MATURITY	
15.	(1ST NATIONAL BANK)						+ $1,098 INTEREST	
16.							REINVESTED)	
17.								
18.	CERTIFICATE OF DEPOSIT	*09137	8/10/09	13,098 -	12/10/10	9.20%		
19.	(1ST NATIONAL BANK)	*(RENEWED)						
20.								
21.								
22.								

Example Bylaws

The following is an example of bylaws which meet the requirements of the VFRA Act. They are intended only as a guide and **should not** be adopted verbatim. In addition to the requirements outlined in the example, the bylaws should also incorporate the association's operating procedures and specifically authorize any discretionary benefits which the membership has deemed payable with VFRA funds.

Township Volunteer Firefighters' Relief Association Bylaws

ARTICLE I: PURPOSE

Section 1: The association shall be known as the Example Township Volunteer Firefighters' Relief Association. It has been established for the purpose of providing volunteer firefighters of this township with protection from misfortune suffered as a result of their participation in the fire service.

Section 2: The membership of this association shall consist of any person who is an active firefighter or life member in good standing, of the Example Township Hose Company. They shall have all voting privileges concerning the business and the election of officers of the Example Township Volunteer Firefighters' Relief Association.

ARTICLE II: MEETINGS

Section 1: Regular meetings of this association shall be held on the second Tuesday of each month immediately following the regular meeting of the Example Township Hose Company. Ten members shall constitute a quorum.

Section 2: Special meetings may be called by the president, or the president shall call such meetings at the written request of ten members of the association. All members must receive ample notification of any special meetings which are called.

Section 3: Order of business for meetings shall be:

1. Call to Order
2. Roll Call of Officers and Members
3. Reading of Minutes of Previous Meeting
4. Treasurer's Report
5. Communications
6. Committee Reports
7. Old Business
8. New Business
9. Approval of Expenditures
10. For the Good of the Association
11. Adjournment

ARTICLE III: OFFICERS

Section 1: The officers of this association shall consist of a president, vice president, secretary, and treasurer. The officers shall be responsible for the management of association business upon direction received by the membership at association meetings.

Section 2: Officers shall be elected for a one-year term by a majority vote of the membership. Nomination for all officers shall be made at the association's regular November meeting, and the election shall be held at the regular December meeting. Officers shall be installed at the regular January meeting.

Section 3: Duties of the officers shall be:

President: The president shall preside at all meetings of the association, preserve order, and enforce the laws thereof, and appoint committees, as necessary.

Vice President: The vice president shall have the full power of the president in his absence.

Secretary: The secretary shall keep a true record of the proceedings of every meeting in the minutes. The minutes shall note authorization by the membership of all association financial transactions and all other pertinent business discussed at meetings. The secretary shall also maintain an updated copy of the association bylaws and make it available for review by the membership. The secretary is responsible for providing representatives of the Department of the Auditor General with the association's minutes of meetings and bylaws in connection with their auditing duties.

Treasurer: The treasurer shall keep account of all money belonging to the association and shall not expend monies or enter into investment transactions without authorization of the membership. The treasurer shall keep journals and ledgers which detail all financial transactions of the association and shall maintain all documentation supporting the receipts and disbursements made by the association.

The treasurer shall, at least on an annual basis, present to the membership a written financial statement summarizing the financial transactions of the association. The treasurer is responsible for maintaining relief association financial records in a businesslike manner and for presenting, in an orderly fashion, all records requested by representatives of the Department of the Auditor General in connection with their auditing duties.

ARTICLE IV: RECEIPTS

Section 1: All receipts of this association shall be deposited, by the treasurer, in the name of the Example Township Volunteer Firefighters' Relief Association. Deposits shall be made on a timely basis.

Section 2: All receipts shall be recorded in the association's journal and ledger, and supporting documentation such as deposit slips, bank statements, etc., shall be maintained to verify the receipts.

ARTICLE V: DISBURSEMENTS

Section 1: Funds of this association shall not be expended for any purpose other than those authorized by the provisions of the VFRA and the association bylaws. All expenditures must be approved by a majority vote at an association meeting and duly recorded in the minutes.

Section 2: All expenditures must be made through a relief association account and recorded, in detail, in the association journals and ledgers. Supporting documentation such as invoices, canceled checks, etc., shall be maintained to verify all disbursements.

Section 3: The association shall maintain an officer's bond on the treasurer. 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.

ARTICLE VI: BENEFITS

The VFRA Act provides for various types of expenditures which can be made with relief association funds at the discretion of the membership. Any type of discretionary benefit payments, such as stipends, death benefits, and relief benefits, should be authorized by provisions set forth in the bylaws. [*The bylaws should state the amount of any benefits to be paid to individual members and clearly define the criteria which should be met to qualify for the benefits.*] Discretionary members' benefits may only be paid to individuals who are currently or have previously participated in the fire service.

ARTICLE VII: INVESTMENTS

Section 1: Funds of this association may be invested in any security authorized by the provisions of the VFRA Act. All purchases and sales of investments should be made in a prudent manner to ensure maximum investment return and authorized by a majority vote at an association meeting. The transactions should be duly recorded in the minutes.

Section 2: A detailed record shall be kept of all relief association investment transactions. The association shall also keep a full accounting of all income derived from the investments. Investment documents shall be maintained to verify investment transactions. All association securities shall be stored in a secure location.

ARTICLE VIII: MISCELLANEOUS

Section 1: The signatures of at least two officers, one of whom shall be the treasurer, shall be required for the issuance of relief association checks, withdrawal from the association savings

account, redemption of any relief association investment, or on any other negotiable instrument issued by the association.

Section 2: In the event of the death, resignation, removal, or incapacity of an elected official of this association, the vacancy so created shall be filled by the appointment of a member by the president. All persons appointed to fill such a vacancy shall serve in the position for the unexpired term.

Section 3: The president shall appoint a committee of not less than three association members who shall be charged with making a physical inspection, on at least an annual basis, of all equipment owned by the relief association. Upon completion of the physical inspection, the committee shall be required to make a full report at a regular membership meeting. The findings of this report shall be documented in the minutes.

ARTICLE IX: DISSOLUTION AND DISTRIBUTION OF ASSETS

In the event of the dissolution of the relief association resulting from a referendum vote to replace the association's affiliated volunteer fire company with a full-paid fire department, the dissolution and distribution of assets will be governed by the procedures set forth in the VFRA Act at Section 7419. In the event of any other dissolution of the relief association, the members will take the necessary steps to (1) provide all existing benefits prescribed in the association bylaws, (2) pay all debts and expenses of the association, and (3) convey the association's remaining assets and property to the remaining relief association(s) affiliated with the volunteer fire company(ies) providing fire service to the municipality(ies). In all circumstances, the distribution will be done in accordance with the applicable federal and state laws and regulations governing non-profit charitable institutions.

ARTICLE X: AMENDMENTS

The bylaws of this association shall not be altered or amended unless proposed in writing at a regular meeting, signed by at least five members in good standing, and approved at the succeeding regular meeting by a two-thirds vote of the members present.

Recommended for Adoption: March 12, 2023
President: Daniel Smith
Secretary: W. A. Carson
Adopted: April 26, 2023

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Example Meeting Minutes

These example meeting minutes provide general guidance for how to record meeting minutes in accordance with the VFRA Act.

Township VFRA Meeting Minutes

The regular monthly meeting of the Example Township Volunteer Fire Company Relief Association was called to order by President Jake Firefighter at 7:30 p.m. on April 12, 2023.

Attendance: Jake Firefighter; (*list all attendees by name*)

The minutes of the monthly meeting on March 14, 2023, and the special meeting of March 31, 2023, were read. A motion to approve the minutes as read was made by Leanne Firefighter and seconded by Kevin Firefighter – motion passed 9 – 0.

The Treasurer's Report was read. Balances as of 3/31/2023 were:

Checking	$25,198.04
Savings	$20,000.52
C/D Balance	$95,000.00
Mutual Fund	$9,505.50

Tyler Firefighter made a motion and Crystal Firefighter seconded to accept the Treasurer's Report as presented. Motion passed 9-0.

Report of Committees: The equipment committee reported that the annual inspection of the equipment owned by the relief association was inspected on March 28, 2023 and all was found to be in good order except for one portable radio, which was damaged at an emergency call on March 10, 2023. The damaged radio was taken to Radio Man Company for a repair estimate. No further report was received.

Communications: The only correspondence received was that the County Firefighters' Association dues are owed. The dues for the year July 1, 2023 to June 30, 2024 will be $150.00.

Expenses:
County Firefighters' Association Annual Dues: $150.00
Radio Man Company -- Inv. # 88-45: $45.00
Equipment Co. Inc. -- Inv. # 99-05 (bunker boots): $381.00
TOTAL EXPENSES: $576.00

A motion by Leanne Firefighter to pay the bills presented for payment was seconded by Tyler Firefighter. Motion passed 9-0.

Old Business: Training certificates were obtained from those who attended the County Fire Training Weekend.

New Business: A discussion was held on the purchase of new safety related equipment for use on the fire department's new engine. A motion was made by Kelly Firefighter to commit $30,000 toward the safety related equipment on the new engine (cost: $300,000) if an agreement is written up between the fire department and the relief association which will guarantee that upon the sale of the engine the pro-rated share (10%) of the proceeds received from the sale be returned to the relief association.
Motion was seconded by Hunter Firefighter. Motion passed 7-2.

Good of the Association: President Jake Firefighter, Treasurer Dan Firefighter, Secretary Rob Firefighter and Fire Chief Tyler Firefighter will attend a firefighting workshop on Saturday, April 29.

Adjournment: At 8:15 p.m., Hunter Firefighter motioned to adjourn the meeting, which was seconded by Kelly Firefighter. Motion passed 9-0.

Minutes recorded by Robert Firefighter, Secretary

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Government Fire Service Directory

State Agencies

Department of the Auditor General
Bureau of Fire Relief Audits
Sample forms: https://www.paauditor.gov/news-and-resources/vfras/
717-787-1308
fire@PaAuditor.gov

Office of the State Fire Commissioner
Allowable expenditures: www.osfc.pa.gov and click on "VFRA Database"
Also available online: information about grants & loans
1-800-670-3473

Department of Revenue
To apply for state sales tax exemption number
Visit www.revenue.pa.gov and type "Application for sales tax exemption" in the search box.

Department of General Services
Line of Duty Death Benefits
www.dgs.pa.gov/insurance/Line-of-Duty-Death-Benefits

Federal Agencies

Internal Revenue Service
To apply for federal EIN or income tax exemption
www.irs.gov

Federal Emergency Management Agency (FEMA)
Assistance to Firefighters' Grant Program
www.fema.gov/grants/preparedness/firefighters

U. S. Department of Justice - Bureau of Justice Assistance
Firefighters' Death Benefit Program
bja.ojp.gov/program/psob