



# MANAGEMENT GUIDELINES

## *for Volunteer Firefighters' Relief Associations*



2012 Edition

*Revised: May 29, 2013 (Interim Edition)*

AUDITOR GENERAL EUGENE A. DEPASQUALE

[www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us)

# **NOTICE**

**The Department of the Auditor General is prohibited by law from offering pre-audit advice to an auditee with regard to issues that the Department may subsequently confront in an audit of that entity. However, the Department can summarize its position on particular issues based on its past audits. These guidelines are offered on that basis. They do not constitute advice or authorization to take any particular action, and the Department reserves the right to revise its past positions in future audits. Volunteer Firefighters' Relief Associations may wish to consult with legal counsel for specific guidance.**



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**EUGENE A. DePASQUALE  
AUDITOR GENERAL**

Dear Volunteer Emergency Service Personnel:

Since Ben Franklin encouraged the formation of the Union Fire Company in Philadelphia in December 1736, volunteer emergency service organizations have provided much-needed fire protection and life-saving services to communities across our great commonwealth. What's more, many volunteer emergency service organizations serve as community centers – offering their facilities as polling places, gathering places for senior citizens, meeting places for youth groups, fundraising sites for civic groups and even the occasional wedding. I thank each of you for your selfless service to your communities and to Pennsylvania as a whole.

This interim *Management Guidelines* manual provides volunteer firefighters and other emergency service personnel with explanations of technical information needed to administer your relief associations. The *Management Guidelines* manual contains minimum record-keeping procedures and VFRA administrative requirements. Later this year we will issue a new *Management Guidelines* manual to provide additional information to help you make your association even more efficient and effective.

The Department of the Auditor General assists volunteer emergency service personnel through the annual distribution of the foreign fire insurance tax premium. These funds are determined by a statutory formula and are allocated through the local municipalities to nearly 2,000 volunteer firefighters' relief associations in Pennsylvania.

In 2012, state aid distributed to relief associations totaled more than \$78.4 million. These funds provide numerous benefits to you and your families and encourage other individuals to participate in the fire and emergency service. Funds are also used to pay the expenses of training emergency service personnel and to purchase equipment to protect them in the course of their hazardous duties.

Each year, the Department of the Auditor General holds informational workshops for VFRA officers and members. These sessions give you an opportunity to receive first-hand instruction on administrative procedures and have questions answered about VFRA related matters. As Auditor General, I hope to meet some of you and I hope to hear your thoughts about how we can make this manual a better tool for you.

Please contact my office at 717-787-1308, or email us at [Fire@auditorgen.state.pa.us](mailto:Fire@auditorgen.state.pa.us) if you have ideas for improvements to this manual, or if we can help you in any way. Thank you again for your service. Ben Franklin would be proud!

All the best,

A handwritten signature in black ink that reads "Eugene A. DePasquale".

Eugene A. DePasquale  
Auditor General

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Suggestions for improving this publication are welcomed.  
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# INTRODUCTION

Since volunteer firefighters' relief associations receive public tax monies, the association officers have a responsibility to the public to conduct the association's financial affairs in a businesslike manner, keeping financial records which provide a documented audit trail and can easily verify the propriety of all association transactions. Relief association officials are also responsible for ensuring that their association operates in accordance with Act 118 of 2010, (Chapter 74 Subsection B), which governs the operation of volunteer firefighters' relief associations (VFRA).

**The relief association and the fire company are two separate legal entities.** The volunteer firefighters' relief association records may not be incorporated with those of the fire company. Relief association funds must be maintained in separate relief association accounts, and investments purchased with relief association funds must be issued solely in the name of the relief association.

**Since the relief association is a separate legal entity, the organization must have a separate federal tax identification number and a separate Pennsylvania sales tax exemption number. The certificates verifying the association's tax numbers should be kept with the relief association's permanent records.**

**The Department of the Auditor General is required by law to audit the financial accounts of all volunteer firefighters' relief associations.** It is this department's policy to perform all audits on weekdays between the hours of 8:30 a.m. and 5:00 p.m. Audits should be conducted in a public building, i.e., a fire house or municipal office. No audit should be conducted in a relief association officer's home. It is the responsibility of the treasurer to have the relief association's records available for audit during the appointed hours and to provide the auditor with an adequate place to work which is well lighted and heated.

Our audit experience indicates that many relief associations fail to maintain records which sufficiently detail the financial transactions of the relief association. These records are deficient in that they do not fully describe the source and purpose of the financial transactions, and supporting documentation needed to verify these transactions is often unavailable. As a result, this department has established minimum record-keeping which include 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. **Relief association officials 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 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 Identification Number certificate**
- **Vehicle titles**
- **Joint purchase agreements**
- **Current relief association bylaws**
- **Cumulative equipment roster**
- **Membership roster of the relief association**
- **Names and addresses of all relief association officials**

The auditor must physically examine all investments and insurance policies held by the association. The treasurer should make arrangements which will allow the auditor to examine these documents during the course of the audit.

During the course of an audit, the auditor will review the cumulative equipment roster and perform a physical inventory of selected items. The treasurer should be prepared to make arrangements which will allow the auditor to examine the equipment during the course of the audit.

This manual is published to provide guidance in the operation of the relief association and to assist in the establishment of a minimum standard of record-keeping procedures. The first part of the manual contains information for the operation and administration of volunteer firefighters' relief associations, while the second part presents a simplified method of financial record-keeping. In an attempt to make it easier for association officials to maintain adequate records and to standardize the financial records of firefighters' relief associations throughout the Commonwealth, preprinted journals, ledgers, rosters, and financial statements have been included in the final section of this manual. These pages have been designed so that they can be copied, placed in a standard three-ring binder, and utilized in recording the association's financial operations. Following the simplified accounting system outlined in this manual will provide guidance so that the minimum record-keeping is maintained.

Computerized financial record-keeping is an acceptable alternative to the hand-kept records in this manual, provided that the minimum recordkeeping addressed in this manual is maintained.

# ALLOCATION OF FOREIGN FIRE INSURANCE TAXES

The Foreign Fire Insurance Tax Distribution Law was passed as part of Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act (commonly referred to as "Act 205," 53 P.S. 895.101 et. seq.). Specifically, Chapter 7 of Act 205 sets forth the provisions of the Foreign Fire Insurance Tax Distribution Law (53 P.S. 895.701-895.706). The source of the monies is a 2 percent tax on foreign fire insurance premiums. (The term "foreign fire insurance" means fire insurance written by an insurance company which is not incorporated in the Commonwealth of Pennsylvania.)

The Commonwealth allocation to volunteer firefighters' relief associations is determined by a formula based on the population and the market value of real estate for each municipality. An example of the calculation of the 2011 foreign fire insurance tax distribution is illustrated in Figure 2 on page 3. A copy of Chapter 7 of Act 205 of 1984, which sets forth the distribution requirements, can be found on page 44. A synopsis of the pertinent provisions of Act 205 are provided below:

1. The amount of foreign fire insurance taxes to be distributed to each municipality is determined by the following formula:
  - a. Fifty percent (50%) of the allocation is based on the population of the respective municipality in comparison to the entire population of the Commonwealth as reported in the latest national census; and
  - b. Fifty percent (50%) of the allocation is based on the market value of real estate of each municipality in proportion to the market value of real estate for the entire Commonwealth based upon the most recent statistics from the State Tax Equalization Board.

2. 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. Fire protection may be provided to the municipality entirely by volunteer firefighters 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.

- a. If the municipality is served solely by volunteer or paid firefighters, the certification shall so indicate.
- b. If the municipality is served by both paid and volunteer firefighters, the certification must indicate the proportion of fire protection service provided by each organization. A municipality served by both paid and volunteer firefighters will have the portion of its allocation attributable to paid firefighters deposited with the General Municipal Pension System State Aid program. The portion attributable to volunteers will be disbursed to the municipality for subsequent allocation to the volunteer firefighters' relief association(s).

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

***Note: It is the relief association's responsibility to monitor the receipt of the state aid. If the relief association has not received its state aid check from the municipality by December 1, the relief association officers should contact the municipality to expedite the distribution of the funds due the association.***

Adams.....\$ 1,169,370.41	Delaware..... \$ 6,223,742.82	Monroe..... \$ 2,164,803.05
Allegheny.....8,863,078.89	Elk.....294,678.95	Montgomery .....12,145,158.81
Armstrong.....603,164.46	Erie .....1,803,759.69	Montour .....198,325.25
Beaver .....1,483,169.41	Fayette.....1,161,741.74	Northampton .....2,736,184.31
Bedford .....497,239.50	Forest .....74,324.68	Northumberland.....825,815.03
Berks.....3,716,979.65	Franklin .....1,555,293.17	Perry .....469,609.06
Blair .....803,556.41	Fulton .....156,313.95	Pike .....913,235.07
Bradford .....582,869.80	Greene.....364,717.71	Potter .....185,235.54
Bucks .....10,201,527.72	Huntingdon .....442,225.28	Schuylkill .....1,332,235.78
Butler .....1,893,389.02	Indiana .....777,744.53	Snyder .....400,911.16
Cambria.....1,063,228.90	Jefferson .....391,442.48	Somerset .....786,197.31
Cameron.....49,323.64	Juniata.....275,875.92	Sullivan.....102,039.22
Carbon .....717,377.61	Lackawanna .....1,277,928.23	Susquehanna .....440,856.39
Centre .....1,649,255.53	Lancaster .....5,403,714.67	Tioga .....407,410.02
Chester .....7,466,393.46	Lawrence .....642,658.78	Union .....433,089.77
Clarion.....358,207.71	Lebanon .....1,382,009.62	Venango .....343,071.37
Clearfield.....700,830.96	Lehigh .....2,937,704.45	Warren .....280,922.34
Clinton.....356,629.88	Luzerne.....2,495,184.46	Washington .....1,774,948.32
Columbia.....662,837.35	Lycoming.....903,332.76	Wayne.....816,667.89
Crawford.....653,615.50	McKean .....280,691.21	Westmoreland .....3,611,824.75
Cumberland .....2,878,152.13	Mercer .....908,344.43	Wyoming.....307,071.32
Dauphin .....2,620,983.25	Mifflin .....414,720.63	York .....4,178,523.32

**Total 2011 Statewide Volunteer Firefighters' Relief Association Allocations — \$ 111,540,831.26**



# SAFEGUARDING ASSOCIATION ASSETS

One of the primary responsibilities of relief association officers is to make sure that proper internal controls are maintained in order to help protect relief association assets from fraud, waste, abuse, and possible misappropriation of funds.

Most relief associations have some internal control procedures established for the day-to-day operation of the organization. However, often the association fails to fully adhere to these procedures, or the established procedures are not sufficient to provide adequate protection of association assets.

As stated in the Introduction of this manual, the volunteer firefighters' relief association is a separate legal entity from the fire company. Consequently, all financial accounts, records, and associated operating requirements must be separate from those of the fire company. Outlined below are minimum measures, dictated by Act 118 and sound business practices, which should be implemented by a relief association to help provide that the association's assets are adequately safeguarded.

## **CHARTER OR CONSTITUTION AND BYLAWS**

In accordance with Act 118 of 2010, a relief association must maintain a separate charter or constitution, and bylaws that specifically address the purpose, structure, and benefits of the organization. The relief association may be an unincorporated association of individuals or an incorporated association (not-for-profit corporation). Incorporating the association may be done with the assistance of legal counsel. Incorporating the association as a not-for-profit association has certain advantages to include greater legal protection for the elected officers and the organization.

## **MINUTES OF MEETINGS**

All relief association meetings must be held separately from the fire company's meetings. Many fire companies hold the volunteer firefighters' relief association meetings directly after the monthly fire company's meeting to maximize attendance. Regardless, the minutes of the relief association meetings must be recorded separately from the minutes of the fire company's meetings, and be maintained as a permanent record of the association. The minutes must be legible, and must adequately document the authorization of the expenditure of funds, approval of the association's investments, and all other business conducted at the meetings.

## **OFFICER'S BOND**

The disbursing officer of the relief association must be bonded for the maximum amount of cash assets held by the relief association. The relief association may also 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.

## **DUPLICATE PAYMENTS OF INVOICES**

The relief association must 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.

## **SIGNATORY AUTHORITY**

The signature of at least two relief association officials must appear on all negotiable instruments such, as checks and drafts payable, from relief association funds. Checking, savings, money market and other similar accounts must be maintained such that two relief association officers' signatures are needed for any withdrawals or transfers of funds. Certificates of deposit and any similar relief association assets must also bear two relief association officers' signatures.

## **PRE-SIGNING OF BLANK CHECKS**

Relief association officials who are authorized and required to sign checks should never pre-sign an incomplete check or draft. All checks and drafts payable to an entity or individual must be properly authorized by the relief association as required by the relief association bylaws.

## **COMMINGLING OF FUNDS**

Since the fire company and the relief association are separate legal entities, the commingling of the two entities' monetary assets is not advisable. The commingling of funds causes confusion in the financial record-keeping, and increases the chance of errors. Furthermore, the commingling of funds in income-generating accounts and investments creates a greater difficulty in determining the income earned by each entity.

## **SEGREGATION OF OFFICERS' DUTIES**

The relief association should make sure that two different officers hold the positions of secretary and treasurer. The separation of responsibilities of these two officers will provide that the same person is not responsible for the record keeping that authorizes a financial transaction (minutes of meeting) and the record keeping that records a financial transaction (checkbook, journal, ledgers, etc.). This segregation of duties protects the association officers as well as the relief association assets.

## **FINANCIAL RECORD-KEEPING**

All relief associations must maintain financial records in the form of journals and ledgers. This manual describes, in detail, the minimum financial record-keeping for a relief association. The relief association may require its treasurer to prepare financial statements on a monthly, quarterly, or annual basis, to keep the membership informed as to the financial position of the association, and aid the membership in decision making.

## **RECONCILIATION OF ACCOUNTS**

**Relief association bank accounts must be reconciled each month. Typically, the Treasurer performs this reconciliation, however, requiring an individual other than the treasurer to reconcile the accounts would provide additional safeguards over the relief association assets. At the very minimum, the treasurer should be required to provide a copy of the bank statements along with the monthly reconciliation of the accounts at the regular meeting. These copies should be reviewed by the other officers and maintained, along with the minutes, as a part of the permanent record.**

## **EQUIPMENT ROSTER**

The relief association should maintain a complete and current roster of all equipment owned by the organization. The association should also perform a physical inventory of the relief association-owned equipment on at least an annual basis. The annual inventory provides for accountability of the equipment owned by the relief association. Additionally, the relief association may be required by its insurance company to provide an annual inventory listing if the equipment is insured.

## **FEDERAL TAX IDENTIFICATION NUMBER**

The volunteer firefighters' relief association must maintain separate financial accounts from the fire company. When these accounts are opened or investments purchased, the relief association must provide the financial institution with its federal tax Employer Identification Number (EIN). The relief association **may not use** the fire company's federal tax EIN because the two organizations are legally separate entities. If the relief association uses the fire company's federal tax EIN, the relief association may be in violation of the provisions of the Internal Revenue Code. Furthermore, the relief association may be exceeding the maximum FDIC insurance coverage at its financial institution, thereby subjecting the association's monetary assets to greater risk. If the financial institution is not provided with the relief association's EIN, the financial institution may withhold 30% of the income earned on the account as federal income tax withholding. To obtain a federal tax EIN, the relief association should complete a federal form SS-4 (Application for EIN), and submit it to the Internal Revenue Service. The relief association may also wish to file for federal income tax exemption as a not-for-profit corporation. It is advisable that the relief association obtain tax guidance from a professional tax consultant when filing for federal tax exemption status. (The Internal Revenue Service address is provided on the inside back cover of this manual.)

## **PENNSYLVANIA STATE SALES TAX EXEMPTION**

A volunteer firefighters' relief association is exempt from certain taxes, and may file for exemption from paying sales tax. The relief association is not authorized to use the fire company's sales tax exemption number, since the association is a separate legal entity. To apply for an exemption, the relief association should

contact the Department of Revenue, Exemption Unit, and request a Form REV 72. Once granted, the exemption is permanent and does not require renewal. (The PA Department of Revenue address is provided on the inside back cover of this manual.)

## **DISSOLUTION OF A RELIEF ASSOCIATION**

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

- (1) The municipality may change its fire service 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 in the municipality and must withdraw from the volunteer firefighters' relief association. This action would normally result in the eventual dissolution of the volunteer firefighters' relief association. The dissolution process for a volunteer firefighters' relief association under these circumstances is dictated by Act 118 of 2010.
- (2) If the volunteer fire company affiliated with the volunteer firefighters' relief association elects to dissolve as a result of financial or manpower constraints, the volunteer firefighters' relief association may also dissolve. In this case, the remaining volunteer firefighters' relief association members must conduct a meeting to approve the dissolution of the association and the disposition of its assets. In most circumstances, all relief association-owned equipment and monetary assets of the dissolving relief association are to be transferred to the relief association affiliated with the neighboring volunteer fire company that will be providing fire service to the municipality(ies).
- (3) If the volunteer fire company affiliated with the volunteer firefighters' relief association elects to merge with another volunteer fire company as a result of financial or manpower constraints, the volunteer firefighters' relief association may also dissolve and merge. In that case, the remaining volunteer firefighters' relief association members must conduct a meeting to approve the dissolution of the association and the disposition of its assets. In most circumstances, all relief 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 that is reestablished as a result of the merger.

In preparation for a final audit of the dissolving relief association, the officers of the relief association that will be discontinuing operation must provide full documentation of the monetary assets and equipment being transferred. A complete inventory of all equipment should be performed and a listing of the equipment transferred should be completed.

## **NOTES**

Upon transfer of the equipment, a signed receipt from the relief association receiving the equipment must be obtained to verify items of equipment transferred. Those items of equipment then become assets to the recipient relief association and must be added to that relief association's equipment roster.

The Department of the Auditor General should be notified by an officer of the dissolving relief association so the department can perform a final audit of the dissolving relief association to verify the proper disposition of the relief association's monetary assets and equipment. The department will then verify the receipt of the equipment and monetary assets transferred through an audit of the recipient association.

The afore-mentioned scenarios describe the more typical dissolutions of volunteer firefighters' relief associations that have occurred in the past.

*We strongly recommend that associations contemplating dissolution retain legal counsel to provide assurance that the dissolution complies with applicable laws and regulations governing non-profit charitable organizations and that all benefits owed to active and former association members are maintained and protected.*

# BYLAWS & MINUTES OF MEETINGS

Sec. 7415 of Act 118 requires that the relief association bylaws set forth the specific operating procedures of the association. Frequently, during the course of our audits, we have found the relief association bylaws to be outdated and not in compliance with the provisions of Act 118. Operating procedures often are changed and various benefits are increased without properly amending the bylaws to provide authorization for the changes.

The relief association cannot violate bylaw provisions regardless of the enactment date. For example: the bylaws, which were adopted in 1969, provide for a death benefit payment of \$50; however, the death benefit has subsequently been increased to \$200 without proper amendment to the bylaws. Any payment in excess of the \$50 benefit would be considered a violation of the bylaws. **Consequently, it is very important that the relief association keep its bylaws updated in order to provide authorization of the current procedures and regulations followed by the association.**

**Detailed below are the minimum requirements which must be set forth in all firefighters' relief association bylaws.** A sample set of bylaws which provide for these minimum requirements appears on page 8. The "sample" bylaws are intended to provide general guidance in the establishment of relief association bylaws in accordance with the provisions of Act 118.

Sec. 7415(c) of Act 118 requires that the bylaws **shall**:

- 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.

- State the notice requirements and procedure to be followed in calling meetings, as well as the quorum requirements for regular and special meetings of the membership and the body which governs the operation of the association between membership meetings. The bylaws shall designate the composition of that body, whether it be a board of directors, the trustees, or any similar body, such as an executive committee. If the bylaws do not detail the duties of the association officers, their responsibilities shall be the same as those duties of officers in nonprofit corporations.

- 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 any negotiable instrument.

- Require the disbursing officer to be bonded by corporate surety for the faithful performance of his 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 the association.

State the procedure to be followed in nominating and in electing officers, trustees, directors, and members of the executive committee.

- Establish procedures for the approval of expenditures, and for the investment of funds and the sale of investments.

- Designate the procedures to be followed in amending the bylaws, and specify the notice required with respect to proposed amendments, including the time, place, and date when any proposed amendment shall be considered.

Sec. 7416 (f) of Act 118 provides for various types of expenditures which can be made with relief association funds at the discretion of the membership. Listed below are some of the types of expenses and benefits that may be paid with relief association monies.

- Insurance
- Equipment Purchases
- Death Benefits
- Relief Benefits
- Fire Training Expenses
- Tokens of Sympathy and Goodwill
- Administrative Expenses

**Discretionary benefit payments, such as stipends, death benefits and relief benefits, must be authorized by provisions set forth in the bylaws.** The bylaws must state the amount of any benefits to be paid to individual members and clearly define the criteria which must be met to qualify for such benefits. In the event of any conflict, Act 118 would take precedence over provisions in the relief association's bylaws. However, the bylaws could contain a more restrictive provision than Act 118. If the membership of a relief association desires to provide benefits that are permitted by Act 118, but are prohibited by its bylaws, it is bound by their bylaws.

**The membership of the relief association cannot adopt Act 118 as its bylaws.** The clear legislative intent of the act is that the association has bylaws, and the act clearly sets forth in Sec.7415 (c) what the bylaws must and may contain. Act 118 alone does not meet these provisions.

**The bylaws of the relief association must be faithfully preserved in permanent form, and any amendments must be entered along with the date when any such amendments become effective.** A copy of the bylaws must be available to the membership and available to the auditors of this department during the audit of the association.

**Act 118 also requires that minutes of all relief association meetings be maintained to provide a permanent record of its business affairs.** Minutes of relief association meetings must be maintained separately from those of the fire company meetings and should note the authorization given by the membership to expend any relief association monies. The minutes should also note the membership's authorization to purchase or sell association investments and should record all other pertinent business transacted at the meetings.

# SAMPLE BYLAWS

## Model Township Volunteer Firefighters' Relief Association

### ARTICLE I: PURPOSE

Section 1: The association shall be known as the Model 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 Model Township Hose Company. They shall have all voting privileges concerning the business and the election of officers of the Model 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 Model 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 Model 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 Act 118 of 2010 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**

Act 118 provides for various types of expenditures (see page 42) 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, must be authorized by provisions set forth in the bylaws. The bylaws must state the amount of any benefits to be paid to individual members and clearly define the criteria which must 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 as defined by Act 118.

**ARTICLE VII: INVESTMENTS**

Section 1: Funds of this association may be invested in any security authorized by the provisions of Act 118. All purchases and sales of investments must be made in a prudent manner to insure maximum investment return and authorized by a majority vote at an association meeting. The transactions must 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 Volunteer Firefighters' Relief Association Act. 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, 2003  
President: Daniel Skinney  
Secretary: W. A. Carson  
Adopted: April 9, 2003

**NOTE: These sample bylaws have been presented to aid relief associations in establishing bylaws which meet the minimum requirements of Act 118. THEY SHOULD NOT BE ADOPTED VERBATIM, but used only as a guide. In addition to the minimum requirements outlined in the sample, relief association bylaws must also incorporate the operating procedures of each particular organization and must specifically authorize any discretionary benefits which the membership has deemed payable with relief association funds.**

# MEMBERSHIP ROSTER

In order to provide assurance that relief association members receive all benefits they are entitled to, the association **MUST** maintain a complete and current roster of all relief association members who qualify for association benefits.

**Simply being a member of the fire company does not in itself justify membership in a relief association. To qualify for relief association membership an individual must currently or previously have participated in the fire service.**

In defining fire service, Act 118 at 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, inter alia, 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.

**Individuals who join the affiliated fire company in only a social capacity do not qualify for relief association membership. Extending any type of benefits to individuals who do not participate in the fire service as defined by Sec 7412 Act 118 is not considered authorized.**

Sec. 7415 (b) (c) (1) Act 118 states, in part, that the relief association's bylaws should include the following provisions:

The constitution or charter shall state the name, the purposes, and the form of the organization, shall designate the class or classes of persons eligible for membership, and the procedures to be followed in making amendments.

The membership roster should, as a minimum, record the name of each member and their current address. 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.** 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 rosters.

Figure 3 illustrates an example of a membership roster. A preprinted roster is contained on page 57 which can be copied and used for listing relief association members. **A copy of the membership roster should be made available to this department's auditors during the course of the audit.**

Although membership rosters are not specifically addressed in Act 118, without access to an accurate membership roster, the Department of the Auditor General cannot be, and is not, satisfied that disbursements to individual members have been adequately documented.

Membership rosters are persuasive evidence to corroborate management's representations that benefits were provided only to individuals entitled to receive such benefits and/or that the benefit coverage obtained covered all members entitled to such coverage. Comparing the names of individuals receiving benefits paid for by the relief association to the official membership roster of the relief association enables the auditor to verify that the relief association did not provide benefits to nonmembers.

**Figure 3: Membership Roster**

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

# OFFICER'S BOND COVERAGE

**One of the most common discrepancies found when auditing firefighters' relief associations is the failure to maintain sufficient bond coverage on the association's disbursing officer. Sec. 7415 (c) (4) of Act 118 requires that "... 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 Department of the Auditor General interprets the term "maximum cash balance in current funds" as the combined balance of the relief association's 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 officer's 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 an officer's cash balance. Furthermore, the bond should cover relief association officers only and be issued solely in the association's name.**

Cash balances within brokerage accounts should be taken into consideration when determining adequate bond coverage. Furthermore, while Act 118 does not require the bonding of investments, the relief association can, at their discretion, provide bond coverage to protect these assets.

## INVESTMENT POLICY

Relief association officials are responsible for the management of association assets. The prudent investment of association monies is a primary element of this responsibility. The purchase of securities by relief associations is governed by statutory legislation commonly known as the Fiduciaries Investment Act. The statute permits the purchase of a variety of investments. The purpose of this section is to provide basic information regarding the investment of association assets.

### ESTABLISHING AN INVESTMENT POLICY

Before the association can decide which investments are appropriate, the governing body must 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 association assets to ultimately provide benefits and safeguards for volunteer firefighters. The administration of association assets by the governing body is often a difficult task, primarily because the membership's training and/or background does not provide sufficient financial management expertise. However, as a result of the diversified background and occupations which the membership provides, it is possible that their concern and experience can lead to the development of a sound investment policy.

Relief associations that have sizable investment asset portfolios may need professional investment counseling. These associations must weigh the value of such service against the cost. **When utilizing 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.** The services provided by 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.

**If the volunteer firefighters' relief association utilizes a trust, brokerage, or similar type custodial**

**account, the relief association officers 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 would like to incur when investment choices are made. The investment policy should also provide the custodian specific direction concerning the authorization for the purchase and sale of investments.** The associations governing body still has the ultimate responsibility for financial management even through the authority for administration of the investments is delegated to a specialist.

When the association's governing body manages the fund assets, it has an obligation to review investments on a periodic basis. The fund must also be monitored for cash flow to make sure there is proper balance between anticipated income and expenditures. The key is to provide that surplus funds are always invested.

### INVESTMENT CHOICES

After determining that adequate assets are available for investment purposes, the association should then consider its investment choices in compliance with existing statutory regulations. The Fiduciaries Investment Act allows the association to invest in a security if it is one which "a prudent man of discretion and intelligence, who is seeking a reasonable income and preservation of capital, would buy." This discretionary authority, otherwise known as the "prudent man rule," 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 to achieve the objectives and goals of the association are as follows:

#### Government Securities

- Treasury Bills
- Treasury Bonds
- Treasury Notes

#### Bank, Savings and Loan, and Credit Union Instruments

#### Corporate Securities

- Corporate Stock
- Corporate Bonds
- Mutual Funds

While this list may not be comprehensive, it does include the more commonly selected investments which give fund managers the flexibility they need to carry out investment objectives and meet the association's ultimate goal of providing sufficient funds to adequately protect volunteer firefighters. **When making investment choices, the association officials should investigate the risk factors of the potential investment and the membership should be made aware of any possible loss in the event of market decline.**

Finally, caution should be taken regarding other regulations pertinent to investment management. All purchases and sales of investments must be approved by the association's membership at an association meeting. All investment documents must 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.

## MORTGAGES

Sec. 7416 of Act 118 states in part, that:

c) All or any part of the funds of any volunteer firefighters' relief association may be invested:

(1) In any form of investment named in the Fiduciaries Act of 1949, as amended, including first mortgages. Such first mortgages insuring repayment of loans by relief associations must provide for a minimum interest payment of three percent and not exceed 80 percent of the appraised value of the real property covered by the mortgage.

Relief associations may issue mortgages to volunteer firefighters or to a volunteer fire company as long as the relief association's bylaws do not prohibit this type of investment. The authorization of such mortgages must be given by the membership at the relief association's meetings and duly recorded in the minutes.

**In order to provide adequate protection for this type of investment, the relief association and the volunteer firefighter or fire company must enter into a formal written mortgage agreement.** 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. The mortgage 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 must maintain full documentation of all mortgage transactions which must be made 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.

## LOANS TO VOLUNTEER FIRE COMPANIES

Sec 7416 of Act 118 states in part, that:

(c) All, or any part of the funds of any volunteer firefighters' relief association may be invested:

(3) In any obligation of an incorporated fire company which obligation is secured by assets of the company having capital value equal to at least 150 percent of the amount of the obligation at the time it is made, and is subject to provisions which will amortize such loan at a rate ensuring that the depreciated value of the assets pledged shall continue to be at least equal to 150 percent of the balance remaining due.

Relief associations can issue loans to fire companies as long as its bylaws do not prohibit this type of transaction; the authorization of such loans must be given by the membership at the firefighters' relief association meeting and duly recorded in the minutes.

**In order to provide adequate protection of this type of investment, the fire company and relief association must enter into a formal written loan agreement.** This loan agreement must be signed by two officers of both the relief association and the fire company, and notarized. This loan agreement must 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; and
- A reasonable rate of interest to be paid on the loan principal outstanding (minimum three percent)

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

## NOTES

## LEASE-PURCHASE AGREEMENTS

Relief associations are permitted to enter into arrangements with vendors whereby the relief association agrees to make regular periodic payments toward the purchase of an item or items of equipment with the understanding that the payments will be applied towards the purchase of this equipment and will ultimately result in the relief association's ownership of the equipment upon completion of the payment schedule agreed upon by the parties. 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.

No matter how the arrangement is titled or structured, the relief association must have a formal written agreement with the vendor which specifies the terms of this agreement.

The association can enter into a lease-purchase agreement as long as its bylaws do not prohibit this type of transaction. The authorization of such a transaction must be given by the membership at a relief association meeting and duly recorded in the minutes. The equipment acquired must be considered an authorized purchase under the provisions of Act 118 and must be listed on the association's equipment roster.

The lease-purchase agreement must be issued in the name of the firefighters' relief association and not the fire company. This agreement should set forth:

- 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; and
- Penalty for late payment and provisions if premature termination of the agreement occurs.

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 term of the lease. It is also important that, before entering into such an agreement, the officers determine the total amount that will be expended by the relief association during the life of the lease-purchase agreement so that the membership has full knowledge of the total cost of the equipment being acquired.

## BORROWING BY RELIEF ASSOCIATIONS

Relief associations are permitted under the provisions of Act 118 to borrow funds to operate the association in a businesslike manner.

Sec. 7416 of Act 118 states in part, that:

(f) The funds of any volunteer firefighters' relief association may be spent:

- (1) To pay for such normal and reasonable running expenses as may be appropriate to the businesslike conduct of its affairs including legal fees and including but not by way of limitation the rental or purchase of offices, the payment of reasonable compensation of any needed employees, and the purchase of office equipment and supplies.

Relief associations may borrow funds as long as the relief association's bylaws do not prohibit this type of transaction. The authorization of such a transaction must be given by the membership at a relief association meeting and duly recorded in the minutes.

In order to provide adequate protection to the relief association for this type of transaction, the relief association and the lender must enter into a formal written loan agreement. This loan agreement should set forth:

- A specific payment schedule;
- A reasonable rate of interest; and
- State the specific assets that have been secured as collateral for the loan. (The relief association 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, the title of the vehicle must be in the name of the relief association. Loans may only be taken for authorized purposes in accordance with Act 118, and should be reported as a liability in the relief association's financial records.

# EQUIPMENT ROSTER

Sec. 7416 of Act 118 states in part, that:

- (f) The funds of any volunteer firefighters' relief association may be spent:
- (11) To purchase safeguards for preserving life, health, and safety of volunteer firefighters, so as to ensure their availability to participate in the volunteer fire service.
- (14) To purchase exercise and fitness equipment for use by volunteer firefighters. Expenditures for exercise and fitness equipment shall not, however, exceed \$2,000 in any two-year period.
- (15) To purchase fire hose and nozzles.

In order to provide a more effective accounting control over equipment purchases, sound business practice would dictate that the relief association maintain an "equipment roster" for the items purchased by the association. **The association should maintain a cumulative roster of the equipment purchased.** This roster should include any training, physical fitness, or office equipment purchased by the association such as a VCR, exercise bike, computer, etc. The roster should include:

- 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

**When an equipment item becomes inoperable and is disposed of, or is 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 relief association should receive fair value for any equipment sold.) The action should be approved at a meeting and recorded in the minutes. The association should, on at least an annual basis, conduct a physical inventory of all equipment owned by the relief association. The results of this physical inventory should be noted on the cumulative equipment roster and in the minutes of relief association meetings.**

Figure 4 illustrates an example of an equipment roster. Furthermore, equipment purchased by the relief association should be marked to clearly distinguish that it is owned by the relief association rather than the fire company. During the course of an audit, the auditors of this Department will review the equipment roster and perform a physical inventory of selected equipment. **The treasurer should be prepared to make arrangements which will allow the auditor to examine equipment sometime during the course of the audit. A copy of the cumulative equipment roster should be provided to the auditor.**

Equipment that is both nominal in cost and disposable in nature, such as batteries and gloves, need not be maintained on the cumulative equipment roster.

**Figure 4: Roster of Equipment**

Cumulative Equipment Roster						Page _____	
Type of Equipment	Serial Number	Date Purchased	Cost	Name of Supplier	Location	Final Disposition Date*	Physical Inventory Checklist
1. Portable 5000Watt Generator	0143842	1/30/98	1,965 -	Emergency Supply Company	Ladder 2		✓ x
3. Portable Flood Light	None	1/30/98		Emergency Supply Company	Ladder 2	Broken w/light fire at Blue Lumber Co.	
5. (4) Air Packs	0694 0696 0695 0697	2/1/04	3,164 -	American Fire Eq. Co.	Rescue 911		✓ x
6. (6) Bunker Coats			1,283 -	"	Firefighters		✓ x
7. (6) Pps. Boots	None		372 15	"	Firefighters		✓ x
8.							
9.							
10.							
11.							

*v = Physically Examined 3/23/04*  
*x = Physically Examined 3/1/05*

# AUTHORIZED EQUIPMENT

The items detailed below have been construed as authorized equipment under the provisions of Act 118 and may be purchased with relief association funds. **This list is not all-inclusive.** There may be other equipment that can be purchased by the relief association. **If the relief association is considering purchasing equipment, but is not sure if it would be considered authorized, we suggest contacting the Department of Community and Economic Development (see inside back cover of this manual for the address).**

- Accountability tag system
- Air bags and hydraulic rescue systems
- Air hammer rescue kits
- Arrow sticks for traffic control
- Backboards
- Backpack water tanks
- Backup camera for apparatus
- Basket stretchers
- Binoculars
- Bolt cutters
- Breathing apparatus:
  - Air cascade systems
  - Air compressor and purification systems
  - Air pack walk away brackets
  - Extra air bottles for air packs
  - Prescription face plates
  - Self-contained breathing apparatus (air packs)
  - Voice amplifier for air mask
- Brooms
- Bullet proof vests
- Chain saws
- Cribbing and trench shoring devices
- Combustible gas detection devices
- Fire extinguishers
- Firefighting foam and foam tanks
- Firefighting preplans
- Fire hose, nozzles, couplings, and adapters
- Fire hose tester
- First aid kits and supplies
- Flammable liquid storage cabinets
- Flares
- Gas shut-off wrenches
- Glass utility tool
- Ground ladders
- Ground positioning system
- Hard suction hose
- Head immobilizer
- Heat detector
- Hooligan tools
- Hose bed divider
- Hose troughs
- Hydrant wrenches
- Hydraulic ladder access system
- Hydraulic tire chain system
- Hydraulic winch
- Incident command board
- Infrared imaging system
- Inhalators
- Intercom system for apparatus
- Knox box
- Ladder bridge mats
- Leaf blower/back pack blower
- Lighting equipment:
  - Flashlights
  - Lighting cable and reels
  - Light line
  - Portable floodlights
  - Pump panel lights
- Personal alarm monitors
- Portable dump tanks
- Portable emergency warning signs
- Portable generators
- Portable loud speaker units (bullhorns)
- Portable oxyacetylene cutters
- Porta-power rescue kits
- Protective clothing:
  - Bunker coats and pants
  - Chaps (for fighting brush fires)
  - Coveralls worn while participating in fire service activities
  - Face shields
  - Fire resistant undergarments
  - Gear storage lockers, racks, and bags
  - Gloves
  - Helmets and hoods
  - Ice rescue suit
  - Prescription goggles
  - Reflective traffic control coats/capes and eight-point or round hats for fire police
  - Safety goggles
- Radios:
  - Base station radio
  - Pager-type alerting monitors, including alphanumeric pagers
  - Portable, two-way radios (walkie-talkie type)
  - Radio encoders and decoders
  - Radio headsets
  - Two-way radios permanently installed in emergency vehicles
- Voice communication recorders
- Rakes
- Rescue jacks
- Rescue rope and repelling equipment
- Rescue saws
- Skin diving protective equipment
- Sledgehammer
- Smoke ejectors
- Smoke machines
- Spanner wrenches
- Suction hose strainers
- Tire chains
- Traffic cones
- Water pumps

## AUTHORIZED EQUIPMENT (continued)

The Department of the Auditor General and the Department of Community and Economic Development have reviewed the policy on the relief association purchase of vehicles, joint purchase of vehicles, and the related costs. We attempted to establish guidance for all conventional forms of vehicle financing and ownership, at the same time understanding that certain creative financing alternatives may arise that are not accounted for in these definitions. In those instances, determinations on a case-by-case basis will have to be provided by the Department of Community and Economic Development to the respective relief association.

A relief association may purchase or participate in the joint purchase of any type of engine-powered, wheeled vehicle used to transport volunteer emergency service personnel and emergency service equipment to and from the scene of an emergency. Relief associations may purchase, or participate in the purchase of Ambulances and Quick Response Service (QRS) vehicles only if the primary purpose of that unit **does not** be purchased by the relief association **only** if the primary purpose of that unit does not include transport of the general public. An ambulance or QRS unit owned by a relief association may not be used for revenue-generating operations. Boats may also be purchased provided the watercraft is designed for rescue purposes.

- **Single title** – If the relief association solely has title to a vehicle, the relief association may assume all operational, maintenance and insurance costs for the vehicle.
- **Single title with relief association financial participation in purchase** – If the volunteer fire company purchases a vehicle and acquires funding from a relief association for portions of the vehicle, a written agreement between the fire company and relief association is recommended. The agreement shall specify the proportional share of financing for the vehicle. The share is based upon the total purchase price of the vehicle. The agreement must stipulate that the relief association shall receive its prorated share of proceeds upon sale of the vehicle. Under this title arrangement, a relief association cannot pay any portion of operation, maintenance, or vehicle insurance costs.

- **Single title with relief association financial participation in purchase**—If the volunteer fire company purchases a vehicle and acquires funding from a relief association for portions of the vehicle, a written agreement between the fire company and relief association is recommended. The agreement shall specify the proportional share of financing for the vehicle. The share is based upon the total purchase price of the vehicle. The agreement must stipulate that the relief association shall receive its prorated share of proceeds upon sale of the vehicle. Under this arrangement, a relief association cannot pay any portion of operation, maintenance, or vehicle insurance cost.
- **Joint title** – If the volunteer fire company and relief association are both on the title to a vehicle, a written agreement is recommended that specifies the percentage of financial participation of a relief association based upon total cost. Under this arrangement, a relief association can pay a proportional share of operation, maintenance and insurance costs – based upon that proportional share of financial participation in the purchase of the vehicle. Participation in payment of these extended costs should be specified in the agreement.
- **Joint title with a loan** – If the volunteer fire company and relief association are both named on the title and loan payments are made over a period of time. In the event that a relief association will assume ownership of the vehicle at the end of the term of a loan (or loans), a relief association may pay all operation, maintenance, and insurance costs associated with that vehicle throughout the life of the loan. The assumption of ownership by the relief association must be specified in the agreement with the fire company.
- **Liability insurance** – The amount of an insurance premium attributed to the liability portion of the vehicle insurance may continue to be paid by a relief association, regardless of ownership of a vehicle.
- **Portable equipment insurance** - The relief association can pay 100% of the premium for insurance coverage on portable equipment regardless if the equipment is owned by the fire company or the relief association.
- **Property insurance** – No portion of property insurance for property owned by a fire company may be paid by a relief association.

# UNAUTHORIZED EXPENDITURES

The expenditures detailed below have been determined not to meet the criteria established by Act 118 and are considered to be unauthorized. **This list is not all-inclusive.** There are other expenditures which are not permissible under the provisions of Act 118. **If the association is considering making a purchase but is not sure it would be "authorized," we suggest contacting the Department of Community and Economic Development (see inside back cover of this manual for the address).** In those instances where DCED's position differs from the Auditor General Department's position, the Auditor General Department's position is final and will be handled as follows: verbal observation issued for the first audit that the unauthorized expenditure is identified, and a written finding in subsequent audit reports if not corrected, up to and including potential withholding of funds if so decided by the Auditor General.

- Ambulance prep package
- Blankets, cots
- Blue warning lights for personal vehicles
- Bomb detection dog
- Building security system
- Burial plots
- CDL license
- Clothing (street type shirts, jackets)
- Dress uniforms
- Dry hydrant
- EMT bag
- Fire house siren
- Fire prevention robot
- Fire safety house
- Home alerting monitors
- Maintenance on fire company owned equipment
- Oxygen storage tanks
- Pediatric oxygen mask
- Residential placard system
- Salvage covers
- Salvage equipment
- Tires for fire company vehicles
- Tables and chairs
- Underwater metal detectors

## TRAINING EXPENSES

Act 118 authorizes the use of relief association funds for the payment of reasonable tuition and related expenses incurred by members for attending training in various courses in firefighting and rescue techniques.

The cost of attending training in the area of emergency medical services such as first responder and EMT training is also permissible. 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 relief association may assume the expense of members' certified training while attending conventions and conferences. Outlined below is the policy which establishes the criteria to determine if expenses incurred by members in attending such events would be considered permissible:

**Expositions and Exhibits** – Volunteer firefighters' relief associations **MAY NOT** pay for the expenses incurred for members to attend fire expositions or exhibits, either inside or outside the Commonwealth. This position is based on the lack of structured training provided at either expositions or exhibits.

**Conventions** Volunteer – firefighters' relief associations **MAY** pay for the expenses of **ONE** delegate to attend a **STATEWIDE** firefighters' convention. A state-wide firefighters' convention" is interpreted to mean that the location of the convention is held within the Commonwealth. Out-of-state conventions **MAY NOT** be paid from relief association funds.

**Conferences** – A volunteer firefighters' relief association **MAY** pay expenses incurred by members to attend conferences, both inside and outside the Commonwealth, which provide training associated with firefighting skills and safety related subjects. The following documentation must be provided by the relief association to verify the propriety of these expenditures relating 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 must be maintained as supporting documentation; and
- Training certificates or written proof of training completion must be maintained to verify attendance and justify those portions of the conference which are authorized expenditures paid by the association.

# TRAINING EXPENSES

Registration forms may break down a conference into segments. Portions of the conference may be considered “firefighter training” and may be paid from relief association funds, while other portions of the conference may be identified as “expositions” or “exhibits” which would not be construed as firefighter training and should not be paid from relief association funds.

The relief association’s management should be aware of the conference subject matter. Certain segments of the conference are designated as actual training, which is authorized. Other segments may be merely informative, which is considered unauthorized. The basic “test” should be whether or not training certificates are granted for portions of the conference or the entire conference.

There are many organizations that provide volunteer firefighters with legitimate training. The basic rule to determine whether or not a relief association may pay for attendance at various conferences rests solely on its ability to provide supporting documentation of the training.

Relief association funds may also be expended to pay the following related expenses incurred during the attendance of authorized training courses, conventions, or conferences:

- **Lodging** – The actual cost of overnight lodging may be reimbursed to the VFRA member if the actual invoice is provided. Lodging costs of non-volunteer firefighters’ relief association members accompanying the approved VFRA member may not be paid from VFRA funds. Incidental expenses such as room movie rentals may not be paid by VFRA funds.
- **Travel** – The cost of transportation (airfare, train, bus, taxi, etc.) to and from the conference may be paid by the VFRA for the ticket price. Receipts must be provided for reimbursement. If personal mileage is paid, the rate may not exceed the IRS rate.
- **Subsistence** – Meals may be reimbursed based on actual receipts or by per diem rate established by the VFRA bylaws. However, the reimbursement may not exceed the IRS subsistence allowance. (The per diem rates are published on a periodic basis as "FTR Per Diem Bulletins" at <http://www.gsa.gov/perdiem>.)

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.

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 must be kept by the relief association to verify the propriety of these expenditures.**

- The minutes of the relief association meetings must clearly state the approval for the expenditure of the funds and members attending;
- A copy of the registration or other documentation identifying the specific costs must be maintained as supporting documentation;
- Receipts for lodging and transportation must be maintained for reimbursement;
- The amount of reimbursement for subsistence (meals) must be identified in the bylaws, or the payment verified through minutes and actual receipts; and
- Training certificates or written proof of training completion must be maintained to verify attendance.

**NOTE:** Failure to maintain supporting documentation for all costs incurred for attending training courses, conferences, or conventions will result in an audit finding for undocumented expenditures which will recommend reimbursement to the relief association.

# COMMONLY ASKED QUESTIONS CONCERNING FIREFIGHTERS'S RELIEF ASSOCIATIONS

## BENEFITS

1. **Q.** Can the relief association pay pension benefits to volunteer firefighters?
  - A. No, Act 118 does not authorize payment of any type of pension benefits.
  
2. **Q.** 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?
  - A. Act 118 sets forth the type of benefits that can be paid under such circumstances. We have detailed below some of the various benefits that can be provided. 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. **Q.** How long should relief association records be kept?
  - A. 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, at a minimum all documentation should be retained until audited. It is advisable that 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. **Q.** Can 'social members' of a fire company be members of the affiliated relief association?
  - A. 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 can not 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 Section 3412 of Act 118 - see page 40. 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. **Q.** Can the association pay legal fees in connection with the conduct of its normal business operation?
  - A. Yes, Act 118 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 rent, officers' stipends, and the payment for office supplies.
  
6. **Q.** Is the relief association required to incorporate under Pennsylvania's nonprofit corporation statutes?
  - A. No, a relief association is not required to incorporate, but it may if the membership wishes to do so. Under the provisions of Act 118, 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. **Q.** Is the relief association required to have a federal income tax Employer Identification Number?
  - A. Yes, as a result of the 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. Q.** Are volunteer firefighters' relief associations required to pay Pennsylvania sales tax on association purchases?

**A.** No, volunteer firefighters' relief associations qualify as charitable organizations and are entitled to exemption from state sales tax. The relief association must apply for a certificate of exemption from the Department of Revenue in order to have the authority to make tax-free purchases. A sales tax exemption application may be obtained from the PA Dept. of Revenue. (See inside back cover of this manual for the address.)

**9. Q.** Can members of an independently incorporated volunteer ambulance or rescue squad be included within the membership of a firefighters' relief association?

**A.** 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 Act 118.

Sec. 7415 of Act 118 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.

**10. Q.** Can the firefighters' relief association reimburse the municipality for workers' compensation insurance on the firefighters?

**A.** 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. Q.** Can the relief association pay for criminal back

ground checks?

**A.** Yes, criminal background checks can be funded by the relief association for current and prospective members.

**12. Q.** Can the relief association pay for a drug and alcohol testing program?

**A.** Yes, a drug and alcohol testing program can be funded by the relief association for current but not prospective members. If the fire company pays to test prospective members, the relief association may reimburse the fire company for the cost of the test if the individual is accept for membership.

**13. Q.** Can the relief association purchase photo identification membership cards for its members?

**A.** No, the association cannot purchase identification cards for the sole purpose of identifying and Individual as a member. However, a personnel account ability system utilized at an emergency to report firefighters on scene is an authorized expenditure. If the cost of photo identification cards is a part of the personnel accountability system that is purchased, it would be an acceptable expense.

**14. Q.** Can paid EMTs be members of the relief association?

**A.** 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 volunteer capacity.

**15. Q.** Can the relief association pay for the development and cost of a website?

**A.** 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 judgment on how a website is developed and what kind of information will be displayed, including the cost of designing and maintaining it.

- 16. Q.** What action should relief association officers take if the merger of two or more volunteer fire companies necessitates the merger of their affiliated relief associations.
- A.** Since circumstances and conditions of the merger relief associations differ according to the specific situation, no step-by-step policy has been established for the merger of two or more volunteer fire firefighters' relief associations. It is recommendation that the respective associations seek legal counsel for direction on proper merger procedures. The cost of the legal fees incurred for the merger of the relief associations may be paid with association funds.
- 17. Q.** 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?
- A.** 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. An example agreement is on page.
- 18. Q.** Is the relief association required to competitively bid equipment purchases?
- A.** Act 118 does not require the relief association to seek bids when purchasing equipment items. However, it is a good business practice to obtain bids, or at a minimum, competitively price equipment purchases. 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 by the vendor that meets the equipment specifications at the lowest quoted price.
- 19. Q.** 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?
- A.** 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 of the Auditor General 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.
- 20. Q.** Can the firefighters' relief association obtain a low interest (2 percent) loan under the Pennsylvania Volunteer Loan Assistance Program?
- A.** No, the Pennsylvania Emergency Management

Agency (PEMA) Volunteer Loan Assistance Program is administered under the provisions of Act 208 of 1976, as amended. This law makes low interest loans available to Pennsylvania volunteer fire companies, rescue services, and ambulance services. The law does not provide for the participation of volunteer firefighters' relief associations in the loan program.

- 21. Q.** Can relief association funds be used to pay for the matching portion (cost-share percentage) of a fire Company grant to obtain from the Federal Emergency Management Agency, Department of Homeland Security?
- A.** Yes, provided that the grant is used to purchase equipment items authorized under the provisions of Act 118, and that the transaction is authorized by the membership at a relief association meeting. Federal grant regulations required 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 cumulative equipment roster.

#### **TRAINING**

- 22. Q.** Can the relief association funds be used to pay for firefighter training classes?
- A.** Yes, an association may expend funds for travel, books, tuition, meals, lodging, and any other reasonable expenses incurred for non-credit college courses in firefighting and rescue techniques. First responder, first aid, and EMT training is also a permissible expenditure; however, the cost related to advanced life support (ALS) paramedic (EMT-P) is not authorized. All such expenditure must be approved at an association meeting.
- 23. Q.** Can the relief association pay for subscriptions to firefighting magazines?
- A.** Yes, if the magazines are strictly related to fire service and will aid in promoting the safety and training of volunteer firefighters.
- 24. Q.** Can a CPR or rescue training manikin be purchased with relief association funds?
- A.** 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. Q.** Can the relief association purchase pagers?
- A.** Yes, Standard alerting pagers capable of one-way voice communication as well as digital or analogue-type alpha-numeric pagers are 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 cost 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.
- 26. Q.** Can a defibrillator be purchased with relief association funds?
- A.** Yes, a defibrillator would be considered an authorized 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 general public.
- 27. Q.** Can the relief association pay for the emergency lights and a two-way radio to be installed in the fire chief's personal car?
- A.** 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 number purchase is reasonable and is restricted to the fire chief's and assistant chiefs' vehicles.
- 28. Q.** Can the relief association purchase a video camera monitoring system and intercom system for installation on a fire apparatus?
- A.** Yes, a video camera or intercom system on a fire apparatus would be considered safety-related items.
- 29. Q.** Can the relief association pay for a washer used to clean turnout gear?
- A.** Yes, provided that the machine has the capacity to clean and decontaminate protective clothing worn by firefighters.
- 30. Q.** Can association funds be used to purchase latex gloves and pocket mask to protect members against the transmission of communicable diseases?
- A.** Yes, the purchase of items which are specifically intended to protect emergency personnel from the dangers of communicable disease which may exist at an emergency scene would be authorized.
- 31. Q.** Can first aid supplies and equipment be purchased with relief funds?
- A.** 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 mask) carried on an ambulance other emergency vehicle and used primarily to serve the general public during day-to-day emergency responses.
- 32. Q.** Can relief association pay for the repair and reconditioning of turnout gear?
- A.** 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.
- 33. Q.** Can relief association funds be used to purchase small hand tools?
- A.** Yes, small hand tools such as wrenches, hammers, screwdrivers, socket sets may be purchased by the relief association so they can be used to perform maintenance on relief association owned equipment. Since small hand tool purchases can be significant in terms of dollars, the tools should be accountable through their listing on the equipment rosters.
- 34. Q.** Can the relief association pay for the cost of the installation of an exhaust removal system in the fire company's apparatus room?
- A.** 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.
- 35. Q.** Would the purchase of a fire hose tester be permissible under the provisions of Act 118?
- A.** 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.

36. **Q.** Can the cost of stress testing on aerial ladders be paid with relief association funds?
- A.** Yes, since the primary purpose of testing an aerial ladder is to ensure the safety of volunteer firefighters.
37. **Q.** Can the relief association pay for the maintenance on fire company owned equipment?
- A.** No, the relief association cannot pay to maintain or repair equipment or vehicles purchased and owned by the fire company. Association funds can only be expended for maintenance on relief association-owned equipment and vehicles. This equipment must be listed on the association's cumulative equipment roster.
38. **Q.** 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 Act 118?
- A.** 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. An example of this agreement is provided.
39. **Q.** Can computers be purchased with relief association funds?
- A.** 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. (Notes: Payments for a dedicated phone line and internet services should be reported as equipment maintenance in the relief association financial records).

## INSURANCE

40. **Q.** Can the firefighters' relief association pay for

accident insurance coverage on members of the ladies' auxiliary?

- A.** If the members of the ladies auxiliary participate in the fire service (as defined in Sec. 7412 of Act 118) and are considered members of the firefighters relief association, they would be entitled to participate in the benefits made available to members of the relief association, including accident insurance coverage.
41. **Q.** Can the relief association pay for "errors and omission" insurance coverage on fire company members?
- A.** Yes. Act 118 allows relief association 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 while going to, returning from, or attending a fire, or while performing duties as special fire police.

## MISCELLANEOUS EXPENDITURES

42. **Q.** Can the firefighters' relief association reimburse a member for personal clothing ruined at a fire scene?
- A.** Yes, a relief association may reimburse its members for the damage to or loss of personal property items while participating in an emergency call.
43. **Q.** Can the relief association pay for flowers for the funeral of a deceased member?
- A.** 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.
44. **Q.** Can relief association funds be used to purchase dress uniforms for firefighters and fire police?
- A.** No, dress uniforms do not qualify for purchase with relief funds because they are not protective in nature and do nothing to enhance the health and safety of emergency 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 emergency personnel from dangers at the emergency scene.
45. **Q.** Can the relief association make donations to charitable organizations?
- A.** A relief association may not make monetary donations to any organizations. An association 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. A sample copy of a transfer agreement can found on page 58.

- 46. Q.** Can the relief association pay for health club memberships or maintain an aerobic center in order to keep firefighters physically fit?
- A.** 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 license health-care provider authorized to provide the service. The relief association may also purchase exercise and fitness equipment for the exclusive use of volunteer firefighters; however, expenditures for this equipment shall not exceed \$2,000 in any two-year period.
- 47. Q.** Can relief association funds be used to pay the Pro Board Registration fee for members who attain firefighter certification.
- A.** Yes, the Pro Board registry enables fire service and related organizations to more easily verify that a firefighter has met established certification requirements.
- 48. Q.** Can the relief association purchase educational materials for the purpose of educating the general public in fire prevention?
- A.** Yes, the relief association can purchase fire prevention items such as tot finders, comic books, and pencils for public distribution.
- 49. Q.** Can the relief association pay the cost of household smoke detectors for public distribution?
- A.** Yes, the relief association may purchase household smoke detectors for distribution of homeowners. Distribution of the smoke detectors should be limited to individuals who reside in the affiliated fire company's coverage area.
- 50. Q.** Can the relief association pay for a sprinkler systems an/or fire detection system in the fire station?
- A.** Yes, the relief association may pay for the cost of the installation and maintenance of a sprinkler or fire detection systems 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 ever sold.
- 51. Q.** Can relief association funds be used to pay for the installation of a non-slip floor in the fire station?
- A.** 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 ever sold.

# MAINTAINING JOURNALS & LEDGERS

**Every firefighters' relief association, no matter how small, should maintain financial journals and ledgers which record the receipts and disbursements made by the association.**

The illustrated journals and ledgers in this manual are prepared on a cash basis of accounting. Income is recorded when received and expenses are recorded when paid. The cash basis of accounting is used by virtually every relief association in the state. However, it is not intended to imply that this is the only basis of accounting which can be used.

The journals should list in detail the nature of all financial transactions. Entries for receipts must note the amount and date of the deposit and the source of the receipts. Entries for disbursements should record the amount and date of the disbursement and specifically identify the nature of the disbursement. Transactions occurring in the savings and checking accounts should be kept separately in journals, maintaining a running balance of each account. Each receipt and disbursement must also be classified into the appropriate category through the use of the "Chart of Accounts" explained on page 27. The applicable classification number must be entered in the classification column of the journals.

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

Through use of this recordkeeping method, the membership can more effectively monitor the financial activity of the association because total amounts disbursed or expended for specific items can be easily determined by examining the ledgers.

Financial reports can be completed by simply totaling the categorized ledger entries for the reporting period. Utilization of this system will also allow the association's financial records to be more easily audited by representatives of this department and by the association's elected or appointed audit committee.

The recording of financial transactions should be made as soon as a transaction occurs. It is extremely important to maintain supporting documentation in order to verify transactions. Examples of these documents would be bank statements, canceled checks, duplicate deposit slips, invoices, training certificates, etc. **Under no circumstances should a fire company's financial accounts be used for receipt or disbursement of relief association's monies.** If the association has only a savings account or a checking account, a journal and ledgers should still be maintained to record all deposits and withdrawals. Furthermore, sound business practices dictates that all accounts be reconciled periodically. All such reconciliations should be maintained as part of the relief association's permanent financial records and be made available for this department's audit.

A suggested method of recording some common association receipts and disbursements in the journals and ledgers are included in the manual, along with these sample financial records is a narrative which explains each of the entries.

# CHART OF ACCOUNTS

In order 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 throughout the Commonwealth, this department has established a "Chart of Accounts" which classifies financial transactions into specific categories.

The most common firefighters' relief association receipts and disbursements have been categorized and assigned classification numbers. (See sample "Chart of Accounts"). Each financial transaction must 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"). 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. **Utilization of this system will make it easier for the treasurer to compile financial reports presented at the association's regular meetings and also to prepare annual financial statements.**

## RECEIPTS

- 100 – Commonwealth Allocation(s)**  
Annual foreign fire insurance tax distribution from the municipalities.
- 110 - Interest Income**  
Any interest received from relief association 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)**  
The sale of investments must be recorded at the original cost. Any accrued interest received upon the sale of an investment should not be included, but separated and reported as interest income. If gain or loss occurs on a sale of an investment, the gain or loss must 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: Act 118 does not require relief association dues in order to maintain membership. An association may implement such a requirement; however, a bylaw provision must authorize such a charge.)
- 190 - Insurance Claims**  
Any funds received by the relief association as a result 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.
- 510 - Insurance Premiums**  
Any insurance coverage purchased by the association which includes accident and health insurance, officer's bond coverage, 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.

**550 - Relief Benefits**  
Any type of benefit paid to or on behalf of a member. For example: Medical expenses incurred as a result 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.

**560 - Training Expenses**  
Payment of expenses (tuition, meals, travel, and lodging) incurred for members' attendance at fire training school, or the purchase of training materials such as books, films, etc. Payment of membership dues to fire-fighters' associations would also be classified as a training expense.

**570 - Tokens of Sympathy and Goodwill**  
Expenditures for flowers, fruit baskets, or memorial contributions to charitable organizations for members who are seriously ill or who die.

**580 - Fire Prevention Material**  
Fire prevention materials purchased for public distribution.

**590 - Administrative Expenses**  
Any payments made to relief association members for service as an officer or a member of a specific association committee.

Expenditures made for professional services such as legal fees, accounting or auditing fees, or trustee or other custodial fees. Any type of bank service charges should also be reported under this category.

Any normal and reasonable expenses incurred for supplies required for the operation of the association, such as the purchase of various office supplies, printing expenses, postage, etc.

Any type of rental expenses incurred by the relief association. These expenses may include hall rental, rental of office space, safe deposit box rental, and post office box rental.

**600 - Principal Payments on Loan**  
Principal payments made on a loan to the relief association.

**610 - Interest Payments on Loan**  
Interest payments made on a loan to the relief association.

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.

## NOTES

**Figure 5: Sample Chart of Accounts**

**Model Township Volunteer Firefighters' Relief Association**

**CHART OF ACCOUNTS**

**RECEIPTS:**

<b>No.</b>	<b>Classification</b>
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:**

<b>No.</b>	<b>Classification</b>
500	Investments Purchased
510	Insurance Premiums
520	Equipment Purchased
530	Equipment Maintenance
540	Death Benefits
550	Relief Benefits
560	Training Expenses
570	Tokens of Sympathy and 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 6: 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 97
A 2	1/27/09	-	SOLD CERT. OF DEPOSIT #08341	130	10,000 -	10,274 97
B 4	1/27/09	-	INTEREST FROM CD #08341	110	457 60	10,732 57
C 6	2/7/09	326	AMERICAN FIRE EQUIP. Co. INVOICE #2784 4 AIR PACKS \$3,164 1 BUNKER BOATS \$6,283 6 PR BOOTS \$712.15	520		4,819 15
D 10	2/10/09	-	TRANSFER FROM SAVINGS #1024	-	7,000 -	12,913 42
E 12	2/10/09	327	1ST NATIONAL BANK PURCHASED CD #01137 @ 8.95% MATURES 8/10/09	500		12,000 -
F 16	4/13/09	328	HURST INS. Co. ACCIDENT POLICY #200-1-202 TERM: 4/30/09 to 4/30/10	510		474 81
G 19	5/1/09	-	INTEREST FROM CD #8046-21	110	107 50	546 11
H 21	7/19/09	329	DAN SKINNEY - REIMBURSEMENT HAZARDOUS MATERIALS COURSE LEWISTOWN 6/23-24/09 Room \$32.00 MEALS \$25.00 MILEAGE \$12.00	560		69 -
I 25	9/4/09	Debit memo	BANK CHARGE FOR CHECKS	590		3 -
J 27	10/22/09	330	RELIANCE INSURANCE #21000 ON TREASURER TERM 11/1/09 to 11/1/10	510		72 -
K 30	12/4/09	331	UNION FLOWERS - MILE SMITH FUNERAL	570		15 -
L 32	12/14/09	332	JOHN JONES - 2009 TREASURER'S SALARY			100 -

Figure 7: Journal Detailing Savings Account Transactions

Savings Account No: 6024		Page 1			
DATE	NATURE OF TRANSACTION	CLASSIFICATION NO.	RECEIPTS	DISBURSEMENTS	BALANCE
	BALANCE BROUGHT FORWARD				1,428.66
M 2	1/20/09 REIMBURSEMENT OF INSURANCE PREMIUM OVERPAYMENT-POLICY #4129-A	1100	216 -		1,644.66
N 5	2/10/09 SOLD CERTIFICATE #9385-21	130	6,000 -		7,644.66
O 7	2/10/09 INTEREST RECEIVED ON CD #9385-21	110	1,373 47		9,018.13
P 9	2/10/09 TRANSFERRED TO CIA #201-4041 FOR PURCHASE OF CD #09137			2,000 -	2,018.13
Q 12	7/2/09 SAVINGS ACCOUNT INTEREST	110	32 37		2,050.50
R 14	8/10/09 2 AIR PACKS SOLD	170	1,076 50		3,127.00
S 16	9/10/09 DONATION FROM LADIES AUXILIARY	150	100 -		3,227.00
T 18	10/31/09 STATE ALLOCATION RECEIVED FROM MODEL TOWNSHIP 10/29/09	100	1,254 49		4,481.49
U 21	11/4/09 INTEREST RECEIVED CD #80410-21	110	107 50		4,588.99
V 23	11/4/09 STATE ALLOCATION RECEIVED FROM WASHINGTON TOWNSHIP 11/1/09	100	210 56		4,799.55
W 26	12/31/09 SAVINGS ACCOUNT INTEREST	110	41 04		4,840.59

Figure 8: Ledger of Receipts

RECEIPT LEDGER

Acct #:	100	110	120	130	140	150	160	170	180	190
Class:	Commonwealth Allocation	Interest Income	Dividend Income	Investments Sold (cost)	Investment Return (gain/loss)	Contributions/Donations	Reimbursements	Proceeds from Equipment Sold	Membership Dues	Insurance Claims
Date										
M 1										
A 2				10,000 -			216 -			
B 3		457 60								
N 4				6,000 -						
O 5		1,373 47								
G 6		107 50								
Q 7		323 37								
R 8								1,076 50		
S 9						100 -				
T 10	1,254 49									
U 11		107 50								
V 12	210 50									
W 13		41 04								
15	TOTAL 2009	1,465 05	2,119 49	16,000 -	-	100 -	216 -	1,076 50	-	-
16										
17										
18										
19										
20										
21										
22										
23										
24										

Figure 9: Ledger of Disbursements

**DISBURSEMENT LEDGER**

Acct #:	500	510	520	530	540	550	560	570	580	590
Class:	Investments Purchased	Insurance Payments	Equipment Purchased	Equipment Maintenance	Death Benefits	Retiree Benefits	Training Expenses	Tokens of Sympathy & Goodwill	Fire Prevention Material	Admin. Expenses
Date										
C1	2/7/09		4,819.15							
E2	2/10/09	12,000.00								
F3	4/13/09	474.81								
H4	7/19/09						69.00			
I5	9/4/09									3.00
J6	10/22/09	72.00						15.00		
K7	12/4/09									100.00
L8	12/14/09									
10	Total 2009	12,000.00	4,819.15				69.00	15.00		103.00
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										

AGC 300

- 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 must 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 must 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 the course 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 must 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, must 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 must 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 must 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 of this category, 570, must also be included in the journal, and the transaction amount must 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. The appropriate posting must also be made in the ledger and the investment roster.
- O)** This entry records interest received from a certificate 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.
- R)** Entry “R” shows the proceeds from association equipment sold being deposited into the savings account. Any revenue generated from the sale of equipment originally purchased by the relief association must be deposited into the relief association account. The journal entry indicates the date, amount, and source of the deposit. The appropriate posting must also be made in the ledger and to the equipment roster.
- 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

Record-keeping inadequacies occur most often with investment transactions. Problems arise when the relief association fails to maintain a detailed list of its investment holdings. Many times an investment will be purchased and sold within a short period of time; upon auditing the relief association, the auditor will find no record of such investment transactions.

Problems such as these can be alleviated by maintaining an investment roster which records all investments, and by listing the specific terms of each investment. The roster should 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 concerning the investment 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 must be posted as a new entry on the investment roster. The last two entries in Figure 10 illustrate how to record the renewal of a certificate of deposit.

**A copy of the investment roster should be provided to the auditor during the audit of your association's financial records.**

Figure 10: 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.	U.S. SAVINGS BOND	201-662114	4/12/06	500 -	4/12/13	7%		
3.								
4.								
5.	CERTIFICATE OF DEPOSIT (EAST PENN BANK)	9385-21	8/10/05	6,000 -	2/10/09	4.5%	2/10/09 6,000 - * INTEREST \$1,373.47	
6.								
7.								
8.	CERTIFICATE OF DEPOSIT (1ST NATIONAL BANK)	80410-21	5/4/08	2,000 -	11/4/10	10.75%		
9.								
10.								
11.	CERTIFICATE OF DEPOSIT (1ST NATIONAL BANK)	08341	7/27/08	10,000 -	1/27/09	9.15%	1/27/09 10,000 - * INTEREST \$4,571.00	
12.								
13.								
14.	CERTIFICATE OF DEPOSIT (1ST NATIONAL BANK)	09137	2/10/09	12,000 -	8/10/09	8.95%	* (RENEWED AT MATURITY) \$1,098 INTEREST REINVESTED	
15.								
16.								
17.								
18.	CERTIFICATE OF DEPOSIT (1ST NATIONAL BANK)	*09137	8/10/09	13,098 -	12/10/10	9.20%		
19.								
20.								
21.								
22.								
23.								
24.								
25.								
26.								
27.								
28.								
29.								
30.								
31.								
32.								
33.								
34.								

# PREPARATION OF FINANCIAL STATEMENTS

**Sound financial management dictates that financial statements presenting the financial activity of the association be prepared on at least an annual basis.**

## NOTES

The Department of the Auditor General recognizes that many relief associations do not have access to the resources, both technical and financial, to prepare the financial statements cited above. Therefore, the Department recommends that at a minimum, in order to help document its receipts and disbursements, each relief association annually prepares a financial statement showing a summary of the relief association's cash receipts and cash disbursements for the year and the effect of those transactions on the entity's cash balance.

This financial statement should detail by category the various types of receipts and disbursements for the accounting period. Use of procedures as explained in the "Chart of Accounts" section, on page 27, will enable the treasurer to more easily prepare this financial statement.

When financial transactions recorded in the journals are categorized by use of the assigned classification numbers and correctly posted in the ledgers, each ledger account classification can be totaled for the reporting period and entered in the corresponding space provided on the preprinted financial statement provided in these guidelines. Any new account classifications that were added to the chart of accounts suggested in these guidelines must also be added to the preprinted financial statement in the guidelines.

It is also recommended that in addition to the *Summary of Cash Receipts and Disbursements* financial statement described above, relief associations prepare separate statement information on investing, borrowing, and lending activities occurring during the accounting period and on the status of open balances related to those activities at the end of the accounting period. Preprinted statements for presenting information concerning investing, borrowing, and lending activities are contained in these guidelines.

**A copy of all financial statements prepared should be provided to the auditor during the audit of your association's financial records.**

The sample financial statement in Figure 11 may be used as a guide when preparing the association's Summary of Cash Receipts and Disbursements statement.

Figure 11: Sample Financial Statement

MODEL TOWNSHIP

Volunteer Firefighters' Relief Association

**FINANCIAL STATEMENT**

Summary of Cash Receipts and Disbursements

FOR THE PERIOD JANUARY 1, 2009 TO DECEMBER 31, 2009

BALANCE	<u>1/1/09</u>	Cash Accounts	<u>1,703.63</u>
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**RECEIPTS**

100	Commonwealth Allocation	<u>1,465.05</u>	
110	Interest Income	<u>2,119.48</u>	
120	Dividend Income	<u>—</u>	
130	Investments Sold (cost)	<u>16,000</u>	<u>-</u>
140	Investment Return (gain/loss)	<u>—</u>	
150	Contributions/Donations	<u>100</u>	<u>-</u>
160	Reimbursements	<u>216</u>	<u>-</u>
170	Proceeds - Equipment Sold	<u>1,076</u>	<u>50</u>
180	Membership Dues	<u>—</u>	
190	Insurance Claims	<u>—</u>	
200			
210			
<b>Total Receipts</b>			<u>20,977.03</u>

**DISBURSEMENTS**

500	Investments Purchased	<u>12,000</u>	<u>-</u>
510	Insurance Payments	<u>546</u>	<u>81</u>
520	Equipment Purchased	<u>4,819</u>	<u>15</u>
530	Equipment Maintenance	<u>—</u>	
540	Death Benefits	<u>—</u>	
550	Relief Benefits	<u>—</u>	
560	Training Expenses	<u>69</u>	<u>-</u>
570	Tokens of Sympathy & Goodwill	<u>15</u>	<u>-</u>
580	Fire Prevention Materials	<u>—</u>	
590	Administrative Expenses	<u>103</u>	<u>-</u>
600	Principal Payments on Loan	<u>—</u>	
610	Interest Payments on Loan	<u>—</u>	
620			
630			
640			
650			
660			
<b>Total Disbursements</b>			<u>17,552.96</u>

BALANCE	<u>12/31/09</u>	Cash Accounts	<u>5,127.70</u>
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# Act 118 of 2010

## Chapter 74 Subchapter B

(The Act of November 23, 2010, as amended, 35 Pa.C.S.A. § 7411 *et seq.*)

*The following is a reproduction of the provisions of Act 118 referenced in these guidelines which is provided for ease of reference to relief association officials. A relief association should always consult with its legal counsel for reference to the official versions of this legislation and any questions of interpretation.*

### § 7411. Scope of subchapter

This subchapter relates to relief associations.

### § 7412. Definitions

The following words and phrases when used in this subchapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

**“Fire service.”** 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.

**“Volunteer firefighter.”** A person who is a member of:

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

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.

**“Volunteer firefighters' relief association.”** An organization formed primarily to afford financial protection to volunteer firefighters against the

consequences of misfortune suffered as a result of their participation in the fire service. The organization may contain within its membership the members of one or more fire companies and may serve secondary purposes, as set forth in this subchapter, but only if adequate provisions have been first made to serve the primary purpose.

### § 7413. Statement of purpose

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

- (1) Financial assistance to volunteer firefighters who may suffer injury or misfortune by reason of their participation in the fire service.
- (2) Financial assistance to the widow, children and other dependents of volunteer firefighters who lose their lives as a result of their participation in the fire service.
- (3) For payment, either by insurance or by operation of a beneficial fund, of a sum certain to designated beneficiaries of a participating member following the death of a member for any cause and to establish criteria which members must meet in order to qualify as participants in a death benefit fund.
- (4) Safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the fire service.
- (5) 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 participation and are in need of financial assistance.
- (6) Funds to aid rehabilitation of volunteer firefighters who have suffered an impairment of their physical capacity to continue to perform their normal occupations.
- (7) Sufficient funds to ensure the efficient and economic handling of the business of firefighters' relief associations in accomplishing the objectives of this section.

## § 7414. Construction

This subchapter shall be:

(1) Construed, applied and interpreted, so far as circumstances permit, as justifying the actions of the officers and members of volunteer firefighters' relief associations affected by it, when the actions appear to have been taken in good faith and in a bona fide belief that they were in furtherance of the purposes of this subchapter.

(2) Strictly construed and applied against persons responsible:

(i) for actions taken in willful disregard of the purposes of this subchapter or with reckless indifference to those purposes; and

(ii) if an action which has been called into question results, has resulted or was likely to result in an unmerited personal benefit to one or more of the persons responsible for taking that action.

## § 7415. Structure

**(a) General rule.--**A volunteer firefighters' relief association may be a body corporate, governed by a charter and bylaws or an unincorporated association of individuals governed by bylaws and a constitution. In either case, it must provide for taking and preserving minutes of all meetings and maintenance of such books of account as may be necessary and appropriate to afford a permanent record of its fiscal affairs.

**(b) Constitution or charter.--**The constitution or charter shall:

(1) State the name, purposes and form of the organization.

(2) Designate the class or classes of persons eligible for membership and procedures to be followed in making amendments.

**(c) Bylaws.--**The bylaws shall:

(1) Specify the requirements for securing membership, voting rights of different classes of members, if there be different classes, and conditions under which membership may be terminated.

(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 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.

(4) 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.

(5) State the procedure to be followed in nominating and 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 and payment of expenditures, investment of funds and sale of investments.

(7) Set out the procedure to be followed in amending bylaws.

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

**(d) Standing procedures.--**In addition to adopting bylaws, an association may adopt standing procedures, which shall be such matters as the membership may regard to be of a routine nature. Standing procedures may be adopted, modified or repealed by motion and majority vote but shall not be inconsistent with the bylaws, and they shall be recorded as an appendix to the bylaws.

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

## § 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 Auditor General 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.

**(b) Deposit.**--Funds of a volunteer firefighters' relief association may be deposited in any bank, trust company or other banking establishment accredited by the Commonwealth or insured by the Government of the United 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.

(2) In any obligation of a political subdivision, having the power to levy or collect taxes.

(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.

**(d) Limitation.**--No investment shall be acquired, encumbered or sold except pursuant to resolution duly enacted by the governing body of the association.

**(e) Income from investments.**--Income from investments may be invested or spent in the same way as any other income.

**(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.

(2) To purchase contracts of insurance which, at a

minimum, shall afford financial assistance to active members of the fire service represented by the association against losses due to injury suffered in the fire service and may also provide, in the order named:

(i) for payments to the surviving spouse or other dependents of a member in the event of the member's death;

(ii) for protection of active firefighters against disease;

(iii) for replacement or purchase of prosthetic devices such as visual aids, 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 where the need for those devices arose because of functional impairment attributable to participation in the fire service;

(iv) for repair or replacement, if necessary, of articles of clothing or pocket pagers damaged or lost in the course of participation in the fire service; and

(v) for disability incurred after service for a minimum of 20 years as a volunteer firefighter.

(3) To maintain a beneficiary or death benefit fund and to pay a sum certain from that fund to the beneficiary of a participant in that fund upon death. If a beneficiary is not designated or a designated one has predeceased the participant, the sum certain shall be paid to the estate of the participant.

(4) To pay in full or in part for damage or loss in any of the categories mentioned in paragraph (2) in a specific case where:

(i) no policy of insurance is in force covering the risk; or

(ii) the amount payable under insurance policies in force is inadequate to cover the loss.

(5) To pay the cost of procuring and forwarding tokens of sympathy and goodwill to a volunteer firefighter who may be ill or hospitalized as a result of participation in the fire service or who may die or who may be seriously ill for any reason.

(6) 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 the fire service as a volunteer firefighter.

(7) To acquire and to maintain membership in any Statewide association or corporation which extends advice and assistance to firefighters' relief associations and to pay to a duly elected delegate the reasonable expenses of travel and maintenance for attending a meeting of the Statewide association or corporation.

(8) To contribute to or to purchase contracts of insurance which will contribute to the cost of rehabilitating and retraining volunteer firefighters who, by reason of their participation in the fire service, have suffered a major impairment of the ability to continue their vocation.

(9) To pay for medical and surgical bills arising from injuries sustained by volunteer firefighters while engaged in activities of a fire company to the extent that the bills are not covered by insurance provided by the relief association.

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

(11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service.

(12) To secure insurance against legal liability of volunteer firefighters for loss and expense from claims arising out of performance of official and authorized duties while going to, returning from or attending fires or performing their duties as special fire police.

(13) To maintain comprehensive health, physical fitness and physical monitoring programs that provide for physical fitness activities, nutrition education 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.

(14) To purchase exercise and fitness equipment for use by volunteer firefighters, except that expenditures for exercise and fitness equipment shall not exceed \$2,000 in any two-year period.

(15) To purchase fire hoses and nozzles.

(16) To purchase fire prevention materials for public distribution.

#### **§ 7417. Cooperation agreements**

Two or more volunteer firefighters' relief associations may jointly cooperate to enter into agreements to make expenditures that are authorized under this subchapter. A joint cooperation agreement may be enforced by and against a volunteer firefighters' relief association.

#### **§ 7418. Audits**

**(a) General rule.**--The Office of Auditor General shall have the power and its duty shall be to audit the accounts and records of every volunteer firefighters' relief association receiving money 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, as far as may be necessary to satisfy the Auditor General that the money received was or is being expended for no purpose other than that authorized by this subchapter. Copies of all audits shall be furnished to the Governor.

**(b) Findings.**--If the Auditor General finds that any money received by a volunteer firefighters' relief association has been expended for a purpose other than one authorized by

this subchapter, the Auditor General shall immediately notify the Governor and shall decline to approve further requisitions calling for payment to the volunteer firefighters' relief association until the improperly expended amount has been reimbursed to the relief association fund.

#### **§ 7419. Dissolution**

**(a) Withdrawal.**--If the voters elect to replace a volunteer fire company with a full-paid fire department or company and the volunteer company which has been replaced ceases to render fire service to any community, the volunteer company shall withdraw from the volunteer firefighters' relief association which had extended protection to its membership.

**(b) Continuation.**--Notwithstanding withdrawal of a company under subsection (a), the volunteer firefighters' relief association shall continue granting financial assistance to its remaining members and their families in death, sickness and distress suffered through the unfortunate elements of life.

**(c) New members prohibited.**--A volunteer firefighters' relief association continuing under subsection (b) shall not receive any new members.

**(d) Application.**--When the membership of a relief association functioning under subsection (b) diminishes to five members, the association shall apply to the local common pleas court for dissolution.

**(e) Determination.**--Upon receipt of an application under subsection (d), the court shall direct that:

(1) all bills, including the costs of dissolution, be paid; and

(2) the balance of funds in the treasury of the volunteer firefighters' relief association subject to dissolution be paid to the pension fund of the paid fire department created as set forth in subsection (a).

# Chapter 7 of Act 205 of 1984

## The Foreign Fire Insurance Tax Distribution Law

(53 P.S.895.701895.707)

*The following is a reproduction of the provisions of Act 205 referenced in these guidelines which is provided for ease of reference to relief association officials. A relief association should always consult with its legal counsel for reference to the official versions of this legislation and any questions of interpretation.*

### Chapter 7 Foreign - Fire Insurance Tax Distribution

#### Section 701. Short title

This chapter shall be known and may be cited as the Foreign Fire Insurance Tax Distribution Law.

#### Section 702. Definitions

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

**“Fund.”** The net amount received by the Commonwealth from the tax on gross premiums paid by foreign fire insurance companies pursuant to section 902 of the act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Code of 1971.

**“Governing body.”** The council of a city, borough or incorporated town, the commissioners of a township of the first class, the supervisors of a township of the second class or any similar body in home rule charter municipalities.

**“Municipality.”** Any city, borough, incorporated town, township or other similar unit of government created pursuant to the act of April 13, 1972 (P.L. 184, No. 62), known as the Home Rule Charter and Optional Plans Law, and the act of April 21, 1949 (P.L. 665, No. 155), known as the First Class City Home Rule Act.

**“Treasurer.”** The elected or appointed treasurer in any city, borough, incorporated town, township or other similar officer in home rule charter municipalities.

#### Section 703. Payment by State Treasurer to municipalities

Moneys in the fund shall be paid by the State Treasurer to the treasurer of each municipality in the Commonwealth in accordance with sections 704 and 705.

#### Section 704. Distribution formula

Except as provided in section 705, the amount to be paid to each municipality shall be determined as follows:

(1) fifty percent of the fund shall be distributed based on the population of each municipality in proportion to the population of the entire Commonwealth, based upon the latest national population census as reported by the United States Bureau of Census; and

(2) fifty percent of the fund shall be distributed based on the market value of real estate of each municipality in proportion to the market value of real estate for the entire Commonwealth, based upon the most recent statistics from the State Tax Equalization Board.

#### Section 705. Conditions on first five payments

For the first five years of distributions pursuant to this chapter, payments shall, notwithstanding the formula contained in section 704 be subject to the following conditions:

(1) No municipality shall receive less than an amount equal to the average of the distribution which it received in 1981, 1982 and 1983.

(2) Municipalities entitled under section 704 to an amount larger than the average referred to in paragraph (1) shall receive the former amount, reduced by such uniform percentage as is necessary to avoid any deficit in the fund.

(3) Notwithstanding any other provisions of this section, if tax revenues in any year are insufficient to fund all municipalities in at least the amount referred to in paragraph (1), then payments to all municipalities shall be reduced by such uniform percentage as is necessary to avoid any deficit in the fund.

#### Section 706. Use of foreign fire insurance tax moneys

##### (a) Certification of service to municipalities by paid and volunteer firefighters.--

(1) Each municipality served solely by paid firefighters shall annually certify that fact to the Auditor General in order to determine the ultimate distribution of the foreign fire insurance premium tax amount applicable to that municipality pursuant to subsection (b)(1).

(2) Each municipality served solely by volunteer firefighters shall annually certify that fact to the Auditor General in order to determine the distribution of the foreign fire insurance premium tax pursuant to subsection (b)(2).

(3) Each municipality served by both paid firefighters and volunteer firefighters shall annually certify to the Auditor General the proportion of the actual fire protection service in the municipality provided by the paid firefighters and the proportion of the actual fire protection service in the municipality provided by the volunteer firefighters in order to determine the distribution of the foreign fire insurance premium tax pursuant to subsection (b)(3).

(4) The certification to the Auditor General shall be by an action initiated or ratified by the governing body of the municipality and shall be in a form prescribed by the Auditor General.

**(b) Distribution of foreign fire insurance tax moneys.--**

(1) The foreign fire insurance premium tax amount applicable to a municipality served solely by paid firefighters shall be allocated no later than September 30 to the General Municipal Pension System State Aid Program established pursuant to Chapter 4 for ultimate distribution pursuant to section 402.

(2) The foreign fire insurance premium tax amount applicable to a municipality served solely by volunteer firefighters shall be paid to the municipality, which shall within 60 days of the date of the receipt of the moneys from the State Treasurer pay the amount received to the relief association fund of the fire department or departments, or fire company or companies, now existing or hereafter organized, inside or outside of the municipality, which is or are actively engaged in the service of the municipality and duly recognized by the governing body of the municipality.

(3) The foreign fire insurance premium tax amount applicable to a municipality served by both paid firefighters and volunteer firefighters shall be divided into the portion applicable to paid firefighters and the portion applicable to volunteer firefighters. The division of the amount shall be based on the proportion of the actual fire protection service in the municipality provided by each type of firefighter as certified by the municipality, except that in no event shall the portion applicable to paid firefighters be less than the smaller of the amount of foreign fire insurance premium tax applicable to the municipality or \$1,100 per paid firefighter. The ultimate distribution of the portion applicable to paid firefighters shall be governed by paragraph (1). The distribution of the portion applicable to volunteer firefighters shall be governed by paragraph (2).

**Section 707. Warrants for payment**

Warrants for the purposes of making payments pursuant to this chapter shall be drawn by the State Treasurer, payable to the treasurers of the several cities, incorporated towns, townships and boroughs, in accordance with this act, no later than the first business day occurring in the month of October.

**NOTES**

The following pages have been designed to be copied, placed in a standard three-ring binder, and used by the relief association in maintaining its financial records. Use of this modified accounting system will help to ensure that the minimum recordkeeping standards of the Department of the Auditor General are met. The correct use of the chart of accounts, journals, ledgers, and rosters presented will make it easier for the treasurer to prepare financial statements one of the primary tools of an adequate accounting system.

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
- 510 – Insurance Premiums
- 520 – Equipment Purchased
- 530 – Equipment Maintenance
- 540 – Death Benefits
- 550 – Relief Benefits
- 560 – Training Expenses
- 570 – Tokens of Sympathy and 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 – \_\_\_\_\_

# Checking Account No: \_\_\_\_\_

Page \_\_\_\_\_

DATE	CHECK NO.	NATURE OF TRANSACTION	CLASSIFICATION NO.	RECEIPTS	DISBURSEMENTS	BALANCE
		<b>BALANCE BROUGHT FORWARD</b>				
1.						1.
2.						2.
3.						3.
4.						4.
5.						5.
6.						6.
7.						7.
8.						8.
9.						9.
10.						10.
11.						11.
12.						12.
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14.						14.
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17.						17.
18.						18.
19.						19.
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21.						21.
22.						22.
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24.						24.
25.						25.
26.						26.
27.						27.
28.						28.
29.						29.
30.						30.
31.						31.
32.						32.
33.						33.
34.						34.

Savings Account No: \_\_\_\_\_

Page \_\_\_\_\_

DATE	NATURE OF TRANSACTION	CLASSIFI- CATION NO.	RECEIPTS	DISBURSE- MENTS	BALANCE	
1.	BALANCE BROUGHT FORWARD					1.
2.						2.
3.						3.
4.						4.
5.						5.
6.						6.
7.						7.
8.						8.
9.						9.
10.						10.
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12.						12.
13.						13.
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15.						15.
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21.						21.
22.						22.
23.						23.
24.						24.
25.						25.
26.						26.
27.						27.
28.						28.
29.						29.
30.						30.
31.						31.
32.						32.
34.						34.

# RECEIPT LEDGER

Acct #:	100 Commonwealth Allocation	110 Interest Income	120 Dividend Income	130 Investments Sold <i>(cost)</i>	140 Investment Return <i>(gain/loss)</i>	150 Contribu- tions/ Donations	160 Reimburse- ments	170 Proceeds from Equip- ment Sold	180 Membership Dues	190 Insurance Claims
Date										
1.										
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
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16.										
17.										
18.										
19.										
20.										
21.										
22.										
23.										
24.										

# RECEIPT LEDGER

	200	210	220	230	240	250	260	270	280	290
Acct #: Class:										
Date										
1.										
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
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17.										
18.										
19.										
20.										
21.										
22.										
23.										
24.										

AGC 300

# DISBURSEMENT LEDGER

Acct #:	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
Class:										
Date										
1.										
2.										
3.										
4.										
5.										
6.										
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16.										
17.										
18.										
19.										
20.										
21.										
22.										
23.										
24.										

## DISBURSEMENT LEDGER

Acct #: Class:	600 Principal Payments on Loan	610 Interest Payments on Loan	620	630	640	650	660	670	680	690
Date										
1.										
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
10.										
11.										
12.										
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18.										
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20.										
21.										
22.										
23.										
24.										

AGC 300

# FINANCIAL STATEMENT

Summary of Cash Receipts and Disbursements  
FOR THE PERIOD \_\_\_\_\_

BALANCE _____, Cash Accounts		
------------------------------	--	--

**RECEIPTS**

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 – Equipment Sold		
180	Membership Dues		
190	Insurance Claims		
200			
210			
<b>Total Receipts</b>			

**DISBURSEMENTS**

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 Materials		
590	Administrative Expenses		
600	Principal Payments on Loan		
610	Interest Payments on Loan		
620			
630			
640			
650			
660			
<b>Total Disbursements</b>			

BALANCE _____, Cash Accounts		
------------------------------	--	--

## OTHER FINANCIAL INFORMATION

FOR THE PERIOD \_\_\_\_\_

**Investments**

Type	Beginning Period Balance		Purchases		Income Reinvested		Sales (cost)		Ending Period Balance	

**Loans/Mortgages** *(investments of a relief association)*

Beginning Balance Loan/Mortgage	Interest Payments		Principal Payments		Ending Balance - Loan/Mortgage <i>(Beginning Balance - Principal Payments)</i>	

**Liabilities** *(loans given to relief association)*

Beginning Loan Balance	Interest Payments		Principal Payments		Ending Loan Balance <i>(Beginning Balance - Principal Payments)</i>	

# Investment Roster

Page \_\_\_\_\_

Type of Investment	Certificate Number	Date Purchased	Cost	Maturity Date	Interest Rate	Date Sold	Proceeds From Sale	
1.								1.
2.								2.
3.								3.
4.								4.
5.								5.
6.								6.
7.								7.
8.								8.
9.								9.
10.								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.
25.								25.
26.								26.
27.								27.
28.								28.
29.								29.
30.								30.
31.								31.
32.								32.
33.								33.
34.								34.

Cumulative Equipment Roster							
Type of Equipment	Serial Number	Date Purchased	Cost	Name of Supplier	Location	Final Disposition Date	Physical Inventory Checklist
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							
16.							
17.							
18.							
19.							
20.							
21.							
<b>Total Cost</b>							
of all operable equipment owned by the relief association							

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.
- 17.
- 18.
- 19.
- 20.
- 21.

\*If equipment is disposed of or sold, please indicate date of transaction. In addition, please exclude the cost value of this item from the total at the bottom of the page.



**EXAMPLE**

\_\_\_\_\_, 20\_\_\_\_

**AGREEMENT  
DONATION OF EQUIPMENT**

The following is a list of equipment that the \_\_\_\_\_ Volunteer Firefighters' Relief Association has agreed to donate to the \_\_\_\_\_ Volunteer Firefighters' Relief Association. The ownership transfer of this equipment is effective as of \_\_\_\_\_.

Description	Quantity	Serial #	Original Purchase Date (Estimate if not available)	Original Purchase Price (Estimate if not available)	Current Value (Estimated)

**FOR DONATING RELIEF ASSOCIATION:**

We certify that the membership of the \_\_\_\_\_ Volunteer Firefighters' Relief Association has agreed to transfer all ownership rights of the equipment stated above to the \_\_\_\_\_ Volunteer Firefighters' Relief Association. We also certify that membership approval of this donation is documented in the official meeting minutes.

Signed \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Signed \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

**FOR RECEIVING RELIEF ASSOCIATION:**

We certify that the equipment described above has been received, and will be recorded on the cumulative equipment roster of the \_\_\_\_\_ Volunteer Firefighters' Relief Association.

Signed \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Signed \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

**EXAMPLE**

\_\_\_\_\_, 20\_\_\_\_

**AGREEMENT**

The \_\_\_\_\_ Fire Company hereby agrees to assign all ownership rights of the equipment financed under the \_\_\_\_\_(DATE) lease-purchase/loan agreement to the \_\_\_\_\_ Volunteer Firefighters’ Relief Association. (See attached description of equipment).

In return for making the lease-purchase/loan payments, the \_\_\_\_\_ Volunteer Firefighters’ Relief Association agrees to accept all liabilities and responsibilities of the \_\_\_\_\_ Fire Company under the \_\_\_\_\_(DATE) lease-purchase/loan agreement with \_\_\_\_\_ (Financial Institution Name).  
*(Agreement attached)*

We, the \_\_\_\_\_ Volunteer Firefighters’ Relief Association, certify that the equipment described has been recorded on the cumulative equipment roster of the \_\_\_\_\_ Volunteer Firefighters’ Relief Association.

\_\_\_\_\_  
President

\_\_\_\_\_  
President

\_\_\_\_\_  
Fire Company

\_\_\_\_\_  
Volunteer Firefighters’ Relief Association

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Fire Company

\_\_\_\_\_  
Volunteer Firefighters’ Relief Association

*Example of an agreement issued when a relief association pays for equipment being purchased though a fire company lease-purchase or fire company loan.*

**EXAMPLE**

\_\_\_\_\_, 20\_\_\_\_\_

**AGREEMENT**

The \_\_\_\_\_ Volunteer Firefighters' Relief Association agrees to contribute \$ \_\_\_\_\_ towards the purchase of a \_\_\_\_\_ (*Vehicle Description*) (VIN No. \_\_\_\_\_) titled in the name of the \_\_\_\_\_. The total purchase price of the vehicle is \$ \_\_\_\_\_. In the event this vehicle is ever sold, a prorated share of the proceeds from the sale equating to \_\_\_\_\_ percent shall revert to the relief association.

It is agreed that the maintenance and repair costs associated with this vehicle shall be the responsibility of the \_\_\_\_\_.

This agreement has been presented and formally approved by the membership of the \_\_\_\_\_ Volunteer Firefighters' Relief Association at a meeting of the association held on \_\_\_\_\_ (*Date*).

\_\_\_\_\_  
President

\_\_\_\_\_  
President

\_\_\_\_\_  
Volunteer Fire Company

\_\_\_\_\_  
Volunteer Firefighters' Relief Association

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Volunteer Fire Company

\_\_\_\_\_  
Volunteer Firefighters' Relief Association

*Example of an agreement when paying partial costs of a fire company owned vehicle with relief association funds.*

# Governmental Fire Service Directory

## Federal Agencies

### Firefighters' Death Benefit Program

U. S. Department of Justice  
Bureau of Justice Assistance  
Public Safety Officers' Benefit Program  
633 Indiana Avenue, NW  
Washington, DC 20531  
(202) 307-0635  
1-800-421-6770  
www.ojp.usdoj.gov  
*(Federal Public Safety Officers' Benefit program for those killed in the line of duty, approximately \$323,036)*

### Internal Revenue Service

Philadelphia, PA 19255  
1-800-829-4933  
www.irs.ustreas.gov  
*(For forms to obtain a Federal Tax Identification Number or Federal Tax Exemption Number)*

### U.S. Department of Homeland Security

Office of Domestic Preparedness  
810 Seventh Street  
Washington, DC 20531  
1-866-274-0960  
*(For information relating to the Assistance to Firefighters' Grant Program)*

## State Agencies

### State Fire Commissioner

Office of the State Fire Commissioner  
2605 Interstate Drive  
Harrisburg, PA 17110  
1-800-670-3473  
fax: (717) 651-2210  
e-mail: fire@state.pa.us

### Volunteer Loan Assistance Program

2605 Interstate Drive  
Harrisburg, PA 17110-9364  
1-800-670-3473  
fax: (717) 651-2210  
e-mail: fire@state.pa.us

### Department of Revenue

Bureau of Business Trust Fund Taxes  
Miscellaneous Tax Division  
Harrisburg, PA 17128-0909  
(717) 783-5473  
www.revenue.state.pa.us  
*(For state sales tax exemption number)*

### Department of Health

Bureau of Emergency Medical Services  
Health & Welfare Building  
Harrisburg, PA 17108  
(717) 787-8740

### Department of the Auditor General

Bureau of Firefighters' Relief Audits  
Room 316-D, Finance Building  
Harrisburg, PA 17120-0018  
(717) 787-1308  
www.auditorgen.state.pa.us  
e-mail: fire@auditorgen.state.pa.us  
*(For information pertaining to audits of relief associations)*  
Facebook: Pennsylvania Auditor General  
Twitter: @PAAuditorGen

### Department of Community and Economic Development

Center for Local Government Services  
4th Floor, Commonwealth Keystone Building  
Harrisburg, PA 17120-0225  
1-888-223-6837  
fax: (717) 783-1402  
e-mail: ssanderson@state.pa.us  
Online database: <http://www.dced.state.pa.us/vfra/>

### Public Safety Officers' Death Benefits

Governor's Office of Administration  
Bureau of Classification and Compensation  
Group Life Insurance Plan  
Employee Benefits Division  
Room 520, Finance Building  
Harrisburg, PA 17120  
(717) 705-5693  
www.hrm.state.pa.us  
*(PA Public Safety Officers' Death Benefits program for those killed in the line of duty, \$118,498.37)*



**Department of the Auditor General**

Bureau of Firefighters' Relief Audits  
316-B Finance Building  
Harrisburg, PA 17120-0018