

COMPLIANCE AUDIT

Eastern Berks Fire Department Relief Association Berks County, Pennsylvania For the Period November 14, 2011 to December 31, 2016

February 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov**

**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mr. Michael Mutter, President
Eastern Berks Fire Department
Relief Association
Berks County

We have conducted a compliance audit of the Eastern Berks Fire Department Relief Association (relief association) pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and mandated by the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010 (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, for the period November 14, 2011 to December 31, 2016.

The objective of the audit was to determine if the relief association complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds. Our audit was limited to the areas related to the objective identified above and was not required to be and was not conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, including the safeguarding of assets. Relief association officers are responsible for complying with applicable state laws, contracts, bylaws, and administrative procedures. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

We were not able to obtain an independent confirmation of a portion of the cash balance directly from the financial institution. Therefore, while the relief association provided copies of bank statements that indicated that, as of December 31, 2016, the relief association had a cash balance of \$110,691, we were not able to verify a portion of that cash balance.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matter described in the preceding paragraph, for the period November 14, 2011 to December 31, 2016, the relief association, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.

The supplementary financial information contained in this report is presented for purposes of additional disclosure and analysis. We performed only limited procedures on the supplementary financial information and, accordingly, express no form of assurance on it.

The contents of this report were discussed with the management of the relief association. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

February 23, 2018



EUGENE A. DEPASQUALE
Auditor General

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010, (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, the Department of the Auditor General's duty is to audit the accounts and records of every volunteer firefighters' relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law, Act of December 18, 1984, (P.L. 1005, No. 205), as amended, 53 P.S. § 895.701 *et seq.* (commonly referred to as Act 205), are properly expended.

The relief association is a charitable organization that was formed primarily to afford financial protection to volunteer firefighters and to encourage individuals to participate in volunteer fire service.

Act 118 governs the overall operation of volunteer firefighters' relief associations. Relief association bylaws define the specific operational procedures by which relief associations conduct business. To fulfill its primary purpose, Act 118 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by Act 118, it is the responsibility of relief associations to choose investments in a proper and prudent manner.

Volunteer firefighters' relief associations receive public tax monies, and the association officers therefore have a responsibility to the public to conduct the association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the association operates in accordance with applicable state laws, contracts, bylaws and administrative procedures.

Act 205 sets forth the computation of the Foreign Fire Insurance Tax Distribution paid to each applicable municipality throughout the Commonwealth of Pennsylvania. The amount of the distribution is based upon the population of each municipality and the market value of real estate within the municipality. Upon receipt of this distribution, the municipality must allocate the funds to the volunteer firefighters' relief association of the fire service organization or fire service organizations that is or are recognized as providing the service to the municipality.

BACKGROUND – (Continued)

The relief association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bally Borough	Berks	\$12,388	\$ 7,019	\$ 7,943	\$ 7,506	\$ 7,229	\$ 7,190
Bechtelsville Borough	Berks	*	\$ 5,144	\$ 5,837	\$ 5,522	\$ 5,262	\$ 5,232
District Township	Berks	*	\$ 5,121	\$ 5,580	\$ 5,226	\$ 4,988	\$ 4,955
Pike Township	Berks	*	\$ 6,338	\$ 7,097	\$ 6,692	\$ 6,321	\$ 6,296
Washington Township	Berks	*	\$27,415	\$31,368	\$29,774	\$28,665	\$28,605

The Eastern Berks Fire Department Relief Association formed on November 14, 2011 due to the merger of the Bally Goodwill Volunteer Firefighters’ Relief Association, Barto Volunteer Firefighters Relief Association and the Bechtelsville Volunteer Firefighters’ Relief Association.

* These 2011 state aid allocations were deposited by either the Bally Goodwill Volunteer Firefighters’ Relief Association, Barto Volunteer Firefighters’ Relief Association or Bechtelsville Volunteer Firefighters’ Relief Association prior to the dissolving of their respective organizations.

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

Eastern Berks Fire Department

EASTERN BERKS FIRE DEPARTMENT RELIEF ASSOCIATION
SUPPLEMENTARY FINANCIAL INFORMATION
CASH AND INVESTMENT BALANCES
AS OF DECEMBER 31, 2016

Cash	\$ 110,691
Fair Value of Investments	<u>\$ 184,220</u>
Total Cash and Investments	<u><u>\$ 294,911</u></u>

EASTERN BERKS FIRE DEPARTMENT RELIEF ASSOCIATION
 SUPPLEMENTARY FINANCIAL INFORMATION
 SUMMARY OF EXPENDITURES
 FOR THE PERIOD NOVEMBER 14, 2011 TO DECEMBER 31, 2016

Expenditures:

Benefit Services:	
Insurance premiums	\$ 32,733
Relief benefits	2,390
Tokens of sympathy and goodwill	148
Total Benefit Services	<u>\$ 35,271</u>
Fire Services:	
Equipment purchased	\$ 153,516
Equipment maintenance	70,294
Training expenses	26,905
Fire prevention materials	11,101
Total Fire Services	<u>\$ 261,816</u>
Administrative Services:	
Other administrative expenses	\$ 3,072
Bond premiums	1,803
Total Administrative Services	<u>\$ 4,875</u>
Total Investments Purchased	<u>\$ 54,287</u>
Total Expenditures	<u><u>\$ 356,249</u></u>

EASTERN BERKS FIRE DEPARTMENT RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Eastern Berks Fire Department Relief Association Governing Body:

Mr. Michael Mutter
President

Mr. Jason Heckler
Vice President

Ms. Adrienne Simpson
Secretary

Mr. Paul Bartlett
Treasurer

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

Ms. Wendy Mutter
Secretary
Bally Borough

Ms. Valerie A. Moll
Secretary
Bechtelsville Borough

Ms. Susan B. Manwiller
Secretary
District Township

Ms. Cynthia Lastauckas
Secretary
Pike Township

Mr. Richard Sichler
Secretary
Washington Township

EASTERN BERKS FIRE DEPARTMENT RELIEF ASSOCIATION
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