

# COMPLIANCE AUDIT

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## Hamburg Volunteer Firemen's Relief Association of Hamburg, Berks County, Pennsylvania

For the Period  
January 1, 2019 to December 31, 2021

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April 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Shawn Hartman, President  
Hamburg Volunteer Firemen's Relief Association  
of Hamburg, Berks County, Pennsylvania

We have conducted a compliance audit of the Hamburg Volunteer Firemen's Relief Association of Hamburg, Berks County, Pennsylvania (relief association) for the period January 1, 2019 to December 31, 2021. The audit was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania; Section 403 of The Fiscal Code, 72 P.S. § 403; and the Volunteer Firefighters' Relief Association Act ("VFRA Act"), see 35 Pa.C.S. § 7418.

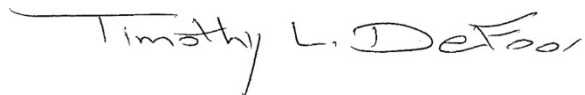
The objective of the audit was to determine if the relief association complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds. Our audit was limited to the areas related to the objective identified above and was not, nor was it required to be, conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief 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 the cash balance directly from the financial institution. Therefore, while the relief association provided bank statements that indicated that, as of December 31, 2021, the relief association had a cash balance of \$44,543, we were not able to verify this 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 January 1, 2019 to December 31, 2021, 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 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.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor  
Auditor General  
March 23, 2022

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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<sup>1</sup>, and the Volunteer Firefighters' Relief Association Act<sup>2</sup> ("VFRA Act"), the Department of the Auditor General's duty is to audit the accounts and records of every volunteer firefighters' relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law<sup>3</sup> (commonly referred to as Act 205) are properly expended.

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

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

Volunteer firefighters' relief associations receive public tax monies, and the 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.

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<sup>1</sup> 72 P.S. § 403 (as last amended by Act 44 of 2017).

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

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

**BACKGROUND – (Continued)**

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

<u>Municipality</u>	<u>County</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Hamburg Borough	Berks	\$21,423	\$21,582	\$19,293
Lenhartsville Borough**	Berks	\$ 308*	\$ 314	\$ 274
Tilden Township	Berks	\$17,972	\$18,300	\$17,143
Windsor Township	Berks	\$ 7,545	\$ 7,590	\$ 6,782

\* Although Lenhartsville Borough prepared and returned a Certification Form AG 385 for 2019 by the March 31 annual filing date in accordance with Act 205, the borough did not distribute the 2019 state aid to the relief association in a timely manner. The foreign fire insurance tax allocation was distributed to the municipal treasurer on September 16, 2019 and according to the date of the check, the state aid allocation was sent to the relief association on July 15, 2020, which is not within 60 days of receipt, as required by Section 706 (b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205). Upon receipt of the state aid allocation, the relief association deposited the funds, on July 24, 2020, into a relief association account.

\*\* Although Lenhartsville Borough prepared and returned Certification Forms AG 385 for 2017, 2019, 2020 and 2021, the borough failed to submit the 2017, 2019, 2020 and 2021 Receipt And Distribution Of Foreign Fire Insurance Premium Tax Forms 706-B to this department as required by the instructions accompanying Form 706-B and the instructions accompanying the 2017, 2019, 2020 and 2021 state aid allocations received by the borough disclosing this information.

**Lenhartsville Borough is still required to complete the 2017, 2019, 2020 and 2021 Receipt And Distribution Of Foreign Fire Insurance Premium Tax Forms 706-B online within the Department of Community & Economic Development’s Municipal Statistics website (MunStats) as soon as possible.**

Based on the relief association’s records, its total cash as of December 31, 2021 was \$44,543, as illustrated below:

Cash	<u>\$ 44,543</u>
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## BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2019 to December 31, 2021 were \$121,271, as noted below. The accuracy of these expenditures was evaluated as part of the Department’s audit to conclude on the relief association’s compliance with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.<sup>4</sup> **The scope of the Department’s audit does not include the issuance of an opinion on the accuracy of these amounts.**

### Expenditures:

#### Benefit Services:

Insurance premiums	<u>\$ 76,415</u>
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#### Fire Services:

Equipment purchased	\$ 30,138
Equipment maintenance	8,602
Training expenses	4,465
Total Fire Services	<u>\$ 43,205</u>

#### Administrative Services:

Other administrative expenses	\$ 855
Bond premiums	796
Total Administrative Services	<u>\$ 1,651</u>

Total Expenditures	<u><u>\$ 121,271</u></u>
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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:

Union Fire Company No. 1 of Hamburg

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

HAMBURG VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF HAMBURG,  
BERKS COUNTY, PENNSYLVANIA  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Tom W. Wolf**  
Governor  
Commonwealth of Pennsylvania

**Mr. Charles J. McGarvey, Sr.**  
State Fire Commissioner

Hamburg Volunteer Firemen's Relief Association of Hamburg, Berks County, Pennsylvania  
Governing Body:

**Mr. Shawn Hartman**  
President

**Mr. Charles Berger**  
Vice President

**Ms. Erica Hartman**  
Secretary

**Mr. Scott Thren**  
Treasurer

**Ms. Shelly O'Neill**  
Financial Secretary



HAMBURG VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF HAMBURG,  
BERKS COUNTY, PENNSYLVANIA  
REPORT DISTRIBUTION LIST

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

**Ms. Marisa C. Lenceski**

Secretary  
Hamburg Borough

**Mr. Mark R. Sprow**

Secretary  
Lenhartsville Borough

**Ms. Monica A. Flower**

Secretary  
Tilden Township

**Mr. Craig A. Long**

Secretary  
Windsor Township

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: [news@PaAuditor.gov](mailto:news@PaAuditor.gov).