

# COMPLIANCE AUDIT

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## United Hook & Ladder Company #33 Relief Association Adams County, Pennsylvania For the Period January 1, 2018 to December 31, 2020

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January 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Kenneth Kuhn, President  
United Hook & Ladder Company  
#33 Relief Association  
Adams County

We have conducted a compliance audit of the United Hook & Ladder Company #33 Relief Association (relief association) for the period January 1, 2018 to December 31, 2020. 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, 35 Pa.C.S. § 7411 *et seq.* ("VFRA Act"), as most recently amended by Act 91 of 2020.

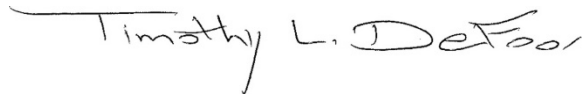
The objective of the audit was to determine if the relief association complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds. Our audit was limited to the areas related to the objective 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.

Based on our audit procedures, we conclude that, for the period January 1, 2018 to December 31, 2020, the relief association, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds, except as noted in the finding listed below and discussed later in this report.

Finding – Inadequate Minutes Of Meetings

The contents of this report were discussed with the management of the relief association and, where appropriate, their response has been included in the report. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

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  
December 15, 2021

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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>2018</u>	<u>2019</u>	<u>2020</u>
Abbottstown Borough	Adams	\$ 4,619	\$ 4,944	\$ 4,968
Berwick Township	Adams	\$13,301	\$14,267	\$14,305
Bonneauville Borough	Adams	\$ 8,036	\$ 8,624	\$ 8,748
Hamilton Township	Adams	\$ 7,622	\$13,000	\$14,341
Mount Joy Township	Adams	\$ 3,146	\$ 3,303	\$ 1,456
Mount Pleasant Township	Adams	\$17,412	\$18,101	\$18,688
New Oxford Borough	Adams	\$ 8,443	\$ 9,083	\$ 9,156
Oxford Township	Adams	\$19,773	\$21,437	\$21,719
Reading Township	Adams	*	\$11,500	\$15,072
Straban Township	Adams	\$ 4,651	\$ 4,980	\$ 4,973
Paradise Township	York	\$ 9,954	\$10,628	\$ 9,527

\* During the current audit period, the relief association did not receive an allocation of state aid from Reading Township in 2018. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

Based on the relief association’s records, its total cash and investments as of December 31, 2020 was \$400,554, as illustrated below:

Cash	\$ 130,734
Fair Value of Investments	<u>269,820</u>
Total Cash and Investments	<u><u>\$ 400,554</u></u>

## BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2018 to December 31, 2020 were \$468,423, 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	\$ 31,491
Relief benefits	12,750
Total Benefit Services	<u>\$ 44,241</u>
Fire Services:	
Equipment purchased	\$ 331,158
Equipment maintenance	50,564
Training expenses	10,242
Fire prevention materials	2,998
Total Fire Services	<u>\$ 394,962</u>
Administrative Services:	
Other administrative expenses*	\$ 26,533
Bond premiums	687
Total Administrative Services	<u>\$ 27,220</u>
Other Expenditures:	
Miscellaneous – return of erroneous deposit	<u>\$ 2,000</u>
Total Expenditures	<u><u>\$ 468,423</u></u>

\* A majority of the other administrative expenses represent monthly cell phone bills in the amount of \$14,626 and rent in the amount of \$10,800.

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:

United Hook & Ladder Company #33

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

UNITED HOOK & LADDER COMPANY #33 RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – Inadequate Minutes Of Meetings**

**Condition:** The relief association failed to maintain detailed minutes of meetings as required by the VFRA Act and the relief association’s bylaws. Specifically, the relief association’s minutes did not address all of the financial-related transactions that occurred during the audit period. Also, the relief association’s bylaws require monthly meeting minutes; however, the relief association only provided minutes for nine meetings in 2020 due to the COVID-19 pandemic.

**Criteria:** Section 7415(a) of Act 118 states, in part, that the relief association:

. . . 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.

The relief association’s bylaws at Article II, Section 1 states, in part:

Regular meetings of this Association shall be held on the first Wednesday of each month immediately following the regular meeting of the United Hook & Ladder Company #33.

In addition, the relief association’s bylaws at Article III, Section 3 states, in part:

**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.

**Cause:** Relief association officials indicated that they approve a budget at the beginning of the year and that they thought that purchases did not need to come before the board or the general body because they had been approved already unless the purchases exceeded the approved budget amount.

**Effect:** Without detailed minutes of meetings, evidence that relief association business was presented before the membership for approval does not exist.

**Recommendation:** We recommend that the relief association officials maintain detailed minutes of meetings, evidencing the discussion and approval of all financial-related business conducted by the relief association. For further guidance, please refer to the Auditor General’s publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS’ RELIEF ASSOCIATIONS.



UNITED HOOK & LADDER COMPANY #33 RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated they will take action to comply with the recommendation.

Auditor's Conclusion: Compliance will be subject to verification through our next audit.

UNITED HOOK & LADDER COMPANY #33 RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

United Hook & Ladder Company #33 Relief Association Governing Body:

**Mr. Kenneth Kuhn**  
President

**Mr. Shawn Berkebile**  
Vice President

**Ms. Heather Viands**  
Secretary

**Mr. Kevin Moul**  
Treasurer

UNITED HOOK & LADDER COMPANY #33 RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

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

**Mr. David W. Bolton**  
Secretary  
Abbottstown Borough

**Ms. Jean A. Hawbaker**  
Secretary  
Berwick Township

**Ms. Doris A. Busbey**  
Secretary  
Bonneauville Borough

**Ms. Jessica Baim**  
Secretary  
Hamilton Township

**Ms. Shannon M. Hare**  
Secretary  
Mount Joy Township

**Ms. Diane L. Groft**  
Secretary  
Mount Pleasant Township

**Ms. Tania K. Kepner**  
Secretary  
New Oxford Borough

**Ms. Beverly Frey**  
Secretary  
Oxford Township

**Ms. Kimberly Beard**  
Secretary  
Reading Township

**Ms. Ronib Crushong**  
Secretary  
Straban Township

**Mr. Elwood Miller**  
Secretary  
Paradise Township

UNITED HOOK & LADDER COMPANY #33 RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

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).