

COMPLIANCE AUDIT

Heidelberg Fireman's Goodwill Relief Association

Lehigh County, Pennsylvania

For the Period

January 1, 2022, to December 31, 2024

November 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Eric Laub, President
Heidelberg Fireman's Goodwill
Relief Association
Lehigh County

We have conducted a compliance audit of the Heidelberg Fireman's Goodwill Relief Association (relief association) for the period January 1, 2022, to December 31, 2024. 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 objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the finding contained in our prior audit report.
2. 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 objectives 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 association 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 objectives. We believe that our audit provides a reasonable basis for our conclusions.

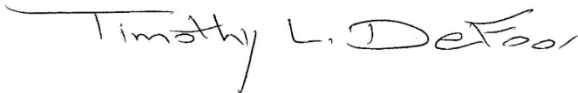
We were not able to obtain an independent confirmation of a portion of the investment balance directly from the financial institution. Therefore, while the relief association provided investment statements that indicated that, as of December 31, 2024, the relief association had an investment balance with a fair value of \$63,964, we were not able to verify a portion of this investment 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, 2022, to December 31, 2024:

- The relief association took appropriate corrective action to address the finding contained in our prior audit report.
- 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 Signatory Authority For The Disbursement Of Funds

The contents of this report were discussed with the management of the relief association and, where appropriate, their responses have 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.



Timothy L. DeFoor
Auditor General
October 14, 2025

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania,¹ Section 403 of The Fiscal Code,² and the Volunteer Firefighters' Relief Association Act ("VFRA Act"),³ 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, commonly referred to as Act 205,⁴ 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 relief association officers therefore have a responsibility to the public to conduct the relief association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all relief association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the relief 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.

¹ Pa. Const. Art. VIII § 10.

² 72 P.S. § 403.

³ 35 Pa.C.S. § 7411 *et seq.*

⁴ 53 P.S. § 895.701 *et seq.*

BACKGROUND – (Continued)

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

<u>Municipality</u>	<u>County</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Heidelberg Township	Lehigh	\$25,079	\$24,753	\$25,581
Lowhill Township	Lehigh	\$ 3,839	\$ 3,859	\$ 3,975

Based on the relief association's records, its total cash and investments as of December 31, 2024, were \$106,652, as illustrated below:

Cash	\$ 42,688
Fair Value of Investments	<u>63,964</u>
Total Cash and Investments	<u><u>\$ 106,652</u></u>

BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$157,784, 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.⁵ **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	\$ 18,052
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Fire Services:

Equipment purchased	\$ 45,856
Equipment maintenance	15,323
Training expenses	8,870

Total Fire Services	\$ 70,049
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Administrative Services:

Bond premiums	\$ 300
Officer compensation	1,000
Other administrative expenses	122

Total Administrative Services	\$ 1,422
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Total Investments Purchased	\$ 56,576
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Other Expenditures:

Payments on loan	\$ 11,571
Unauthorized expenditures *	114

Total Other Expenditures	\$ 11,685
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Total Expenditures	\$ 157,784
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* During calendar years 2023 and 2024, the relief association made insignificant disbursements of \$6, \$64, \$4, \$25, and \$15, for the unauthorized payment of sales tax on purchases that were authorized under the VFRA Act. We disclosed these issues to relief association officials on August 12, 2025, but we did not include a finding in this report due to the relatively low dollar amount.

⁵ Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

BACKGROUND – (Continued)

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:

Goodwill Fire Company No. 1

HEIDELBERG FIREMAN'S GOODWILL RELIEF ASSOCIATION
STATUS OF PRIOR FINDING

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has complied with the prior audit finding and recommendation, as follows:

- Failure To Conduct Annual Physical Equipment Inventories

By performing and documenting an annual physical inventory of all relief association-owned equipment.

HEIDELBERG FIREMAN'S GOODWILL RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – Inadequate Signatory Authority For The Disbursement Of Funds

Condition: During the current audit period, we identified three of seventy-four checks drawn on the relief association's checking account that contained the signature of only one officer, the current relief association treasurer.

Criteria: Section 7415(c)(3) of the VFRA Act states, in part:

The bylaws shall 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.

In addition, the relief association's bylaws at Article V, Section 1 states, in part:

The president shall...counter-sign all checks issued by the treasurer.

Cause: Relief association officials indicated that they were unaware of the VFRA Act that each check issued for payment of expenditures required two signatures, one being that of the disbursing officer.

Effect: As a result of the relief association officers issuing checks with only one authorized signature, the relief association was not in compliance with the VFRA Act or its bylaws and increased the risk of misappropriation and undetected errors.

Recommendation: We recommend that the relief association officials establish adequate internal control procedures to ensure the signatures of at least two authorized relief association officers, one of whom shall be the disbursing officer (Treasurer), are included on all relief association negotiable instruments as defined by the VFRA Act and the relief association's bylaws. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management 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 during the next audit.

HEIDELBERG FIREMAN'S GOODWILL RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Heidelberg Fireman's Goodwill Relief Association Governing Body:

Mr. Eric Laub
President

Mr. William Shellhammer, Jr.
Vice President

Mr. John Fritz
Secretary

Ms. Barbara Hunsicker
Treasurer

Mr. Randy Metzger
Director

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

Ms. Dawn Didra
Secretary
Heidelberg Township

Ms. Jill Seymour
Secretary
Lowhill Township

HEIDELBERG FIREMAN’S GOODWILL RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report is a matter of public record and is available online at 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.