

COMPLIANCE AUDIT

Amity Fire Company Relief Association Berks County, Pennsylvania For the Period January 1, 2022, to December 31, 2024

September 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Mr. Mike Zomolsky, President
Amity Fire Company Relief Association
Berks County

We have conducted a compliance audit of the Amity Fire Company 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 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.

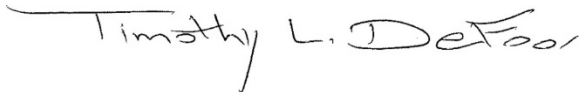
Our audit was limited to the areas related to the objective identified above and was not, nor was it required to be, conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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 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 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, 2022, to December 31, 2024, 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 fund, except as noted in the findings listed below and discussed later in this report.

- Finding No. 1 – Unauthorized Expenditures
- Finding No. 2 – Failure To Maintain A Complete And Accurate Cumulative Equipment Roster And Failure To Conduct An Annual Physical Inventory Of Equipment
- Finding No. 3 – Failure To Hold Relief Association Meetings And Failure To Document Minutes Of Relief Association Meetings

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
September 17, 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>
Amity Township	Berks	\$43,550	\$43,353	*/**
Douglass Township	Berks	\$12,976	\$12,885	\$13,123

* During the current audit period, the relief association did not receive a 2024 allocation of state aid from Amity Township. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

** Although Amity Township prepared and returned a Certification Form AG 385 for 2024, Amity Township failed to complete the 2024 Receipt And Distribution Of Foreign Fire Insurance Premium Tax Form 706-B online as required by the instructions accompanying Form 706-B and the instructions accompanying the 2024 state aid allocation received by Amity Township disclosing this information.

Amity Township is required to complete a 2024 Receipt And Distribution Of Foreign Fire Insurance Premium Tax Form 706-B online within the Department of Community & Economic Development’s Municipal Statistics website (MunStats) immediately.

Based on the relief association’s records, its total cash and investments as of December 31, 2024, were \$86,341, as illustrated below:

Cash	\$	33,538
Fair Value of Investments		<u>52,803</u>
Total Cash and Investments	<u>\$</u>	<u>86,341</u>

BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$182,678, 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	\$ 24,581
Death benefits	500
Total Benefit Services	<u>\$ 25,081</u>

Fire Services:

Equipment purchased	\$ 48,251
Equipment maintenance	47,741
Training expenses	3,945
Total Fire Services	<u>\$ 99,937</u>

Administrative Services:

Bond premiums	\$ 750
Other administrative expenses *	5,044
Total Administrative Services	<u>\$ 5,794</u>

Total Investments Purchased \$ 50,000

Other Expenditures:

Unauthorized expenditures – See Finding No. 1	<u>\$ 1,866</u>
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Total Expenditures \$ 182,678

* A portion of the other administrative expenditure represents accounting expenses in the amount of \$4,900 for the filing of IRS Form 990.

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:

Amity Fire Company

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

AMITY FIRE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Unauthorized Expenditures

Condition: During the current audit period, the relief association incurred the following expenditures that are not authorized under the VFRA Act.

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
02/22/2022	1071	Payment of sales tax	\$ 70
10/31/2022	1086	Payment of sales tax	50
02/11/2023	1089	Payment of sales tax	76
03/28/2023	1096	Dress uniform	123
04/30/2023	1097	Payment of sales tax	11
03/28/2024	1120	Payment of sales tax	76
03/28/2024	1121	Payment of sales tax	1
06/16/2024	1128	Custom badges	1,248
07/06/2024	1131	Captains' bars	72
08/20/2024	1139	Payment of sales tax	42
11/26/2024	1147	Payment of sales tax	97
Total			<u>\$ 1,866</u>

Criteria: Section 7416(f) of the VFRA Act states:

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

In addition, Section 7418(b) of the VFRA Act states:

- (b) Findings -- If the Auditor General finds that money received by a volunteer firefighters' relief association has been expended for a purpose other than one authorized by this subchapter, the commissioner, upon receiving notice of the finding from the auditor general, shall decline to approve payment to the volunteer firefighters' relief association until the improperly expended amount has been reimbursed to the relief association fund.

AMITY FIRE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Costs associated with the payment of sales tax, dress uniforms, custom badges and captains' bars do not qualify as authorized volunteer firefighters' relief association expenditures. Consequently, these expenditures are not authorized under the VFRA Act.

Cause: The relief association officials indicated that they have never received notification from the vendor that their sales tax exemption status needed to be updated. Also, the relief association did not monitor invoices from the vendor to ensure that sales tax was not charged. The expenditures for dress uniforms, custom badges, and captains' bars were an oversight by the relief association officials.

Effect: As a result of the unauthorized expenditures, relief association funds were not available for investment purposes or for expenditures authorized by the VFRA Act. In addition, because of stipulations within the VFRA Act, failure to obtain reimbursement of the unauthorized expenditure may result in a withholding of future state aid allocations until the monies related to the unauthorized expenditures identified in the finding have been reimbursed to the relief association.

Recommendation: We recommend that the relief association be reimbursed \$1,866 for the unauthorized expenditures and that relief association officials become familiar with Section 7416(f) of the VFRA Act to aid them in determining the propriety of future expenditures. All supporting documentation verifying the reimbursement for the unauthorized expenditure should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 316-E Finance Building, Harrisburg, PA 17120. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management did not agree with the reporting of the finding as presented at the audit exit conference because corrective action had already been completed during the audit period. The affiliated fire company reimbursed the relief association \$1,866 on May 27, 2025.

Auditor's Conclusion: We reviewed documentation verifying that reimbursement of \$1,866 was received from the affiliated fire company on May 27, 2025. However, the reimbursement was received subsequent to the current audit period. Compliance for authorized expenditures made during the next audit period will be subject to verification.

AMITY FIRE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Failure To Maintain A Complete And Accurate Cumulative Equipment Roster And Failure To Conduct An Annual Physical Inventory Of Equipment

Condition: The relief association failed to maintain a complete and accurate cumulative roster of equipment owned by the relief association. Although a roster of relief association owned equipment was provided during the current audit, the roster was incomplete and did not accurately identify all the equipment owned by the relief association. In addition, there was no evidence that a physical inventory of equipment was conducted on an annual basis to account for the equipment owned by the relief association.

Criteria: Prudent business practice dictates that the relief association establish adequate internal control procedures to ensure the maintenance of a complete and accurate cumulative roster of equipment purchased by the relief association and that the performance of an annual physical inventory of all equipment is documented. A complete and accurate cumulative equipment roster of all relief association purchased equipment should include the following:

- Types of equipment purchased
- Dates of purchase
- Unit costs
- Names of suppliers from which the equipment was purchased
- Serial numbers, if applicable
- Current location(s) of items
- Final dispositions if damaged, sold or disposed of
- Evidence of the performance, date, and results of an annual physical inventory

Cause: The relief association officials indicated that the format of the equipment roster was changed in 2024, and certain equipment was missed during the transition to the new format. The relief association did not provide a reason why an annual physical inventory of equipment was not conducted.

Effect: Failure to properly record equipment purchases in a complete and accurate cumulative equipment roster prevents relief association officials from effectively monitoring the relief association's equipment purchases. In addition, failure to maintain a complete and accurate cumulative equipment roster and failure to perform an annual physical inventory of the equipment prevents adequate accountability for, and safeguarding of, relief association assets.

AMITY FIRE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Recommendation: We recommend that the relief association officials maintain a complete and accurate cumulative equipment roster of all relief association equipment. Furthermore, the relief association should ensure an annual physical inventory of all relief association purchased equipment is performed and documented. For further guidance, please refer to the Auditor General’s publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS’ RELIEF ASSOCIATIONS.

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 during the next audit.

Finding No. 3 – Failure To Hold Relief Association Meetings And Failure To Document Minutes Of Relief Association Meetings

Condition: The relief association failed to hold regular monthly meetings as required by its bylaws. Meetings were not held in May and June 2022, September 2023, and April and December 2024. Furthermore, while the meeting minutes available for the current audit period indicate that the Treasurer’s report was approved by the membership, the Treasurer’s report itself was not included in the minutes, nor was the separate binder containing the Treasurer’s reports made available for audit. As a result, we were unable to determine whether all financial related transactions were approved by the membership.

Criteria: Section 7415(a) of the VFRA Act 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 VI, Section 1 states:

Regular meetings: of the Relief Association shall be held on the last Tuesday of each month before the meeting of the apparatus crew.

Cause: The relief association officials did not provide a reason why all meeting were not held. Relief association officials indicated that the Treasurer’s report is maintained in a separate binder for account security purposes and is not included in the meeting minutes.

AMITY FIRE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Effect: Without holding regular meetings and maintaining detailed minutes of meetings that address all financial-related transactions, there is insufficient evidence that relief association business was documented and presented before the membership for approval.

Recommendation: We recommend that the relief association officials hold all required meetings and maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws, 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.

Management Response: Relief association management does not agree with the finding as presented at the audit exit conference. During each meeting the Treasurer's report is read and approved by the members. The Treasurer reports to the membership each month and reviews the bank statements with relief association members in attendance. All records are kept in a separate binder for account security purposes. During this audit period all account information was provided to substantiate account accuracy. No discrepancies were noted. There were also no previous findings in other audits for the same practice. For future meetings, the treasurer will provide monthly general ledger detail to include in the meeting minutes.

Auditor's Conclusion: Compliance will be subject to verification during the next audit.

AMITY FIRE COMPANY RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Amity Fire Company Relief Association Governing Body:

Mr. Mike Zomolsky
President

Mr. Richard Ford, Sr.
Vice President

Mr. Austin Mora
Secretary

Mr. Lawrence Tully
Treasurer

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

Ms. Pam Kisch
Secretary
Amity Township

Ms. Kaleena Brietbarth
Secretary
Douglass Township

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.