

COMPLIANCE AUDIT

Good Will Steam Fire Engine Company #1 Volunteer Firemen's Relief Association

Montgomery County, Pennsylvania

For the Period

January 1, 2020, 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. Kevin Yerger, President
Good Will Steam Fire Engine Company #1
Volunteer Firemen's Relief Association
Montgomery County

We have conducted a compliance audit of the Good Will Steam Fire Engine Company #1 Volunteer Firemen's Relief Association (relief association) for the period January 1, 2020, 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.

Based on our audit procedures, we conclude that, for the period January 1, 2020, 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 findings listed below and discussed later in this report.

Finding No. 1 – Unauthorized Expenditure

Finding No. 2 – Failure To Segregate Relief Association Officers' Duties

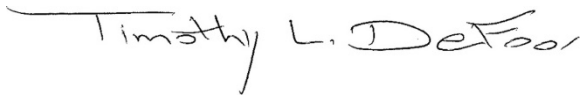
Finding No. 3 – Inadequate Signatory Authority For The Disbursement Of Funds

Finding No. 4 – Inadequate Financial Record-Keeping System

Finding No. 5 – Failure To Maintain A Complete And Accurate Cumulative Equipment Roster And Failure To Conduct An Annual Physical Inventory Of Equipment

We are concerned by the number of findings noted and strongly encourage timely implementation of the recommendations noted in this audit report.

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
August 29, 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>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--------------------------|---------------|-------------|-------------|-------------|-------------|-------------|
| Pottstown Borough | Montgomery | \$26,438 | \$23,701 | \$29,823 | \$ 50,000 | \$50,500 |
| West Pottsgrove Township | Montgomery | * | * | \$23,377 | \$ 23,812 | \$24,096 |

* West Pottsgrove Township began allocating state aid to the Good Will Steam Fire Engine Company #1 Volunteer Firemen's Relief Association in 2022.

Based on the relief association's records, its total cash and investments as of December 31, 2024, were \$332,669, as illustrated below:

| | |
|----------------------------|-------------------|
| Cash | \$ 123,317 |
| Fair Value of Investments | <u>209,352</u> |
| Total Cash and Investments | <u>\$ 332,669</u> |

BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2020, to December 31, 2024, were \$188,829, 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 | \$ 58,767 |
|--------------------|-----------|

Fire Services:

| | |
|---------------------------|-----------|
| Equipment purchased | \$ 88,466 |
| Equipment maintenance | 27,887 |
| Training expenses | 7,533 |
| Fire prevention materials | 2,412 |

| | |
|---------------------|------------|
| Total Fire Services | \$ 126,298 |
|---------------------|------------|

Administrative Services:

| | |
|-------------------------------|--------|
| Bond premiums | \$ 855 |
| Other administrative expenses | 397 |

| | |
|-------------------------------|----------|
| Total Administrative Services | \$ 1,252 |
|-------------------------------|----------|

Other Expenditures:

| | |
|--|--------|
| Undocumented Expenditure * | \$ 272 |
| Unauthorized Expenditure – Finding No. 1 | 2,240 |

| | |
|--------------------------|----------|
| Total Other Expenditures | \$ 2,512 |
|--------------------------|----------|

| | |
|--------------------|------------|
| Total Expenditures | \$ 188,829 |
|--------------------|------------|

* The relief association was unable to provide adequate supporting documentation evidencing the propriety of a \$272 expenditure made in calendar year 2022. We disclosed this issue to relief association officials during the conduct of our audit, 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:

Good Will Steam Fire Engine Company #1

GOOD WILL STEAM FIRE ENGINE COMPANY #1 VOLUNTEER FIREMEN'S 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:

- Inappropriate Ownership Of Rescue Boat Trailers

By ensuring the titles of the rescue boat trailers were transferred to the relief association.

GOOD WILL STEAM FIRE ENGINE COMPANY #1 VOLUNTEER FIREMEN'S RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Unauthorized Expenditure

Condition: During the current audit period, the relief association incurred an expenditure of \$2,240 for a gas detection device that was subsequently given to the Pottstown Borough Fire Chief/Fire Marshall and is not in the relief association's possession. In order for the expenditures to be authorized under the VFRA Act, the device is required to be maintained by the relief association for use by its members.

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

The funds of any volunteer firefighters' relief association may be spent:

- (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.

Costs associated with the purchase of equipment that is not available for use by the relief association's members do not qualify as an authorized volunteer firefighters' relief association expenditure. Consequently, this expenditure is not authorized under the VFRA Act.

Cause: The relief association officials did not provide a reason why this occurred.

Effect: As a result of the unauthorized expenditure, relief association funds were not available for investment purposes or for expenditures authorized by the VFRA Act and the equipment was not available for use by the relief association volunteer members. 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 expenditure identified in the finding have been reimbursed to the relief association.

GOOD WILL STEAM FIRE ENGINE COMPANY #1 VOLUNTEER FIREMEN'S RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Recommendation: We recommend that the relief association be reimbursed \$2,240 for the unauthorized expenditure or that the equipment be returned to the relief association. We further recommend 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 Response: Relief association management did not agree with the finding as presented at the audit exit conference and indicated that the Pottstown Borough Fire Chief/Fire Marshall will contact the Office of the State Fire Commissioner for approval.

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

Finding No. 2 – Failure To Segregate Relief Association Officers' Duties

Condition: During the current audit period, we identified that the relief association had a lack of segregation of duties in its officers' positions. The positions of President, Secretary, and Treasurer were held by the same individual.

Criteria: Prudent business practice dictates that the duties of the President, Secretary, and Treasurer should be sufficiently segregated. An adequate segregation of duties is the primary internal control intended to prevent or reduce the risk of errors, irregularities, or misappropriations.

The minimum requirements of the President's position of a relief association is to preside at all meetings of the association, preserve order and enforce the laws thereof, and appoint committees, as necessary.

The minimum requirements of the Secretary's position of a relief association are to maintain detailed minutes of meetings documenting authorization of the relief association's financial operations, to review and coordinate amendments to the bylaws as necessary to comply with the minimum requirements of the VFRA Act, and to make these bylaws available for review by the membership.

GOOD WILL STEAM FIRE ENGINE COMPANY #1 VOLUNTEER FIREMEN'S RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

The minimum requirements of the Treasurer's position are to maintain an account of all funds belonging to the relief association, to maintain a journal and ledger detailing all financial transactions along with maintaining supporting documentation for receipts and disbursements, to co-sign all negotiable instruments along with another relief association officer, and to prepare annual financial statements for presentation to the membership.

In addition, Article V, Section 5.1 of the relief association's bylaws states, in part:

The officers of the corporation shall be a president, vice president, a secretary, a treasurer, and such officers as may be elected. Multiple offices may not be held by the same person.

Cause: The relief association officials did not provide a reason why this occurred.

Effect: Inadequate segregation of duties could prevent relief association officials and members from effectively monitoring the relief association's financial transactions. Inadequate segregation of duties also negates the checks and balances necessary to detect and correct financial errors or irregularities in the relief association's accounting system.

Recommendation: We recommend that the relief association officials ensure that the President, Secretary, and Treasurer positions be held by distinct members. We also recommend that the relief association review its accounting and internal control procedures to ensure that the officers' duties are sufficiently segregated so that relief association assets are adequately safeguarded. 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.

Finding No. 3 – Inadequate Signatory Authority For The Disbursement Of Funds

Condition: During the current audit period, we identified 11 of 106 checks drawn on the relief association's checking account that contained the signature of only one officer – the relief association officer serving as president, secretary, and treasurer.

GOOD WILL STEAM FIRE ENGINE COMPANY #1 VOLUNTEER FIREMEN'S RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

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, Article VII, Section 7.2 of the relief association's bylaws states:

The signatures of at least two officers, one of whom shall be the Treasurer, shall be required for the issuance of relief association checks, withdrawal from association savings account, redemption of any relief association investment, or on any other negotiable instrument issued by the association.

Cause: The relief association officials did not provide a reason why this occurred.

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.

Finding No. 4 – Inadequate Financial Record-Keeping System

Condition: The relief association's financial record-keeping system did not establish adequate accounting procedures to allow the membership to effectively monitor the relief association's financial operations. The following are the noted deficiencies:

- A journal was not maintained to fully detail all financial transactions
- Ledgers were not used to record receipts and disbursements

GOOD WILL STEAM FIRE ENGINE COMPANY #1 VOLUNTEER FIREMEN'S RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

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

A volunteer firefighters' relief association may be a body corporate, governed by a charter and bylaws or an unincorporated association of individuals governed by bylaws and a constitution. In either case, it 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.

In addition, an adequate system of financial record-keeping is a prerequisite for sound administration of relief association assets.

Cause: The relief association officials did not provide a reason why this occurred.

Effect: Failure of relief association officials to maintain adequate records prevents the membership from effectively monitoring the financial operations of the relief association. Additionally, proper financial record keeping reduces the risk of misappropriation and reduces the risk of undetected errors.

Recommendation: We recommend that the relief association officials establish and maintain a financial record-keeping system that allows the membership to effectively monitor the relief association's financial operations. 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.

Finding No. 5 – 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.

GOOD WILL STEAM FIRE ENGINE COMPANY #1 VOLUNTEER FIREMEN'S RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – (Continued)

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 did not provide a reason why this occurred.

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.

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 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.

GOOD WILL STEAM FIRE ENGINE COMPANY #1 VOLUNTEER FIREMEN'S RELIEF
ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Good Will Steam Fire Engine Company #1 Volunteer Firemen's Relief Association Governing
Body:

Mr. Kevin Yerger
President/Secretary/Treasurer

Mr. Michael Campeggio
Vice President

Mr. Duane Brady, Sr.
Trustee

Mr. James Stauffer
Trustee

Mr. John Bukey
Trustee

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

Ms. Alexa Barry
Secretary
Pottstown Borough

Ms. Courtney Harris
Secretary
West Pottsgrove Township

GOOD WILL STEAM FIRE ENGINE COMPANY #1 VOLUNTEER FIREMEN'S RELIEF
ASSOCIATION
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