

# COMPLIANCE AUDIT

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## Lyons Fire Company Relief Tax Association

Berks County, Pennsylvania

For the Period

January 1, 2022, to December 31, 2024

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August 2025



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Mr. Nathan F. Keller, President  
Lyons Fire Company Relief Tax  
Association  
Berks County

We have conducted a compliance audit of the Lyons Fire Company Relief Tax 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.

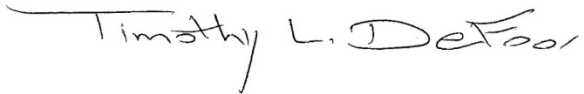
Our audit was limited to the areas related to the objective identified above and was not, nor was it required to be, conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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 funds, except as noted in the finding listed below and discussed later in this report.

Finding – Unauthorized Expenditures

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 horizontal line extending from the left side of the first letter.

Timothy L. DeFoor  
Auditor General  
August 13, 2025

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## BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania,<sup>1</sup> Section 403 of The Fiscal Code,<sup>2</sup> and the Volunteer Firefighters' Relief Association Act ("VFRA Act"),<sup>3</sup> 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,<sup>4</sup> 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.

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<sup>1</sup> Pa. Const. Art. VIII § 10.

<sup>2</sup> 72 P.S. § 403.

<sup>3</sup> 35 Pa.C.S. § 7411 *et seq.*

<sup>4</sup> 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>
Lyons Borough	Berks	\$ 3,298	\$ 3,333	\$ 3,372
Maxatawny Township	Berks	\$ 6,380	\$ 6,118	\$ 6,221
Rockland Township	Berks	\$26,217	\$25,746	\$26,039

Based on the relief association's records, its total cash and investments as of December 31, 2024, were \$112,758, as illustrated below:

Cash	\$ 76,055
Fair Value of Investments	<u>36,703</u>
Total Cash and Investments	<u><u>\$ 112,758</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 \$101,711, 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>5</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	\$ 16,699
Tokens of sympathy and goodwill	267
Total Benefit Services	<u>\$ 16,966</u>

#### Fire Services:

Equipment purchased	\$ 23,393
Equipment maintenance	20,253
Training expenses	3,605
Total Fire Services	<u>\$ 47,251</u>

#### Administrative Services:

Bond premiums	\$ 750
Other administrative expenses	148
Total Administrative Services	<u>\$ 898</u>

Total Investments Purchased	<u>\$ 35,000</u>
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#### Other Expenditures:

Unauthorized expenditures – See Finding	<u>\$ 1,596</u>
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Total Expenditures	<u><u>\$ 101,711</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:

Lyons Volunteer Fire Company #1

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

LYONS FIRE COMPANY RELIEF TAX ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – 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>
08/18/2022	Debit	Token of Sympathy for non-relief association member	\$ 82
09/19/2022	1485	Token of Sympathy for non-relief association member	83
08/07/2024	Debit	Logo T-Shirts	80
08/07/2024	Debit	Logo T-Shirts	80
08/13/2024	1524	Logo T-Shirts	986
08/23/2024	1525	Lottery basket for non-relief association member	100
09/03/2024	1527	Logo T-Shirts	185
Total			<u>\$ 1,596</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.
- (5) To pay the cost of procuring and forwarding tokens of sympathy and goodwill to a volunteer firefighter who may be ill or hospitalized as a result of participation in the fire service or who may die or who may be seriously ill for any reason.
- (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.



LYONS FIRE COMPANY RELIEF TAX ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

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 tokens of sympathy and goodwill/lottery baskets for non-relief association members and logo t-shirts 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 were unaware that the aforementioned expenditures were not authorized by the VFRA Act.

Effect: As a result of this unauthorized expenditure(s), relief association funds were not available for investment purposes or for expenditures authorized by the VFRA Act.

Recommendation: We recommend that the relief association be reimbursed \$1,596 for the unauthorized expenditure(s) 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. 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, as a result of our audit, the relief association was reimbursed \$1,596 by the affiliated fire company.

Auditor's Conclusion: We reviewed documentation verifying that reimbursement of \$1,596 was received from the affiliated fire company. Compliance for authorized expenditures made during the next audit period will be subject to verification.

LYONS FIRE COMPANY RELIEF TAX ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Joshua D. Shapiro**  
Governor  
Commonwealth of Pennsylvania

Lyons Fire Company Relief Tax Association Governing Body:

**Mr. Nathan F. Keller**  
President

**Mr. Todd A. DeLong**  
Vice President

**Mr. Tyler R. DeLong**  
Secretary

**Mr. Jerry L. Keller**  
Treasurer

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

**Ms. Tammy M. Bond**  
Secretary  
Lyons Borough

**Ms. Jerilyn Wehr**  
Secretary  
Maxatawny Township

**Ms. Karen K. Krall**  
Secretary  
Rockland Township

LYONS FIRE COMPANY RELIEF TAX ASSOCIATION  
REPORT DISTRIBUTION LIST

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