

COMPLIANCE AUDIT

Volunteer Firemen's Relief Association of Muhlenberg Township

Berks County, Pennsylvania

For the Period

January 1, 2022, to December 31, 2024

October 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Anthony Morganti, President
Volunteer Firemen's Relief Association
of Muhlenberg Township
Berks County

We have conducted a compliance audit of the Volunteer Firemen's Relief Association of Muhlenberg Township (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 findings 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.

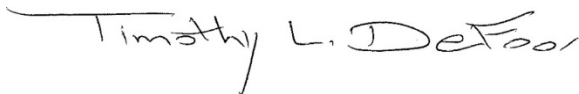
Based on our audit procedures, we conclude that, for the period January 1, 2022, to December 31, 2024:

- The relief association took appropriate corrective action to address six of the eight findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the two remaining findings contained in our prior audit report, as listed below, and discussed in the Status of Prior Findings section of this 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 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Cumulative Equipment Roster And Failure To Conduct An Annual Physical Inventory Of Equipment

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Improper Documentation Of Merger

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.



Timothy L. DeFoor
Auditor General
September 30, 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>
Alsace Township	Berks	\$ 8,016	\$ 8,003	*
Muhlenberg Township	Berks	\$136,809	\$138,705	\$142,555

* During the current audit period, the relief association did not receive an allocation of state aid from Alsace Township in 2024. 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, 2024, were \$406,518, as illustrated below:

Cash	\$ 234,171
Fair Value of Investments	<u>172,347</u>
Total Cash and Investments	<u>\$ 406,518</u>

BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$405,421, 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	\$ 33,570
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Fire Services:

Equipment purchased	\$ 294,110
Equipment maintenance	15,785
Training expenses	49,037
Fire prevention materials	4,357

Total Fire Services	\$ 363,289
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Administrative Services:

Bond premiums	\$ 901
Officer compensation	900
Other administrative expenses *	6,761

Total Administrative Services	\$ 8,562
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Total Expenditures	\$ 405,421
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* A majority of the other administrative expenses represent \$6,085 expended during this audit period for accounting fees.

The volunteer firefighters' relief association and the affiliated fire service organizations are separate, legal entities. The relief association is affiliated with the following fire service organizations:

Goodwill Township Company No. 1 of Hyde Park

Muhlenberg Township Fire & Rescue

Temple Fire Company No. 1

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

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has complied with six of the eight prior audit findings and recommendations, as follows:

- Inappropriate Ownership Of Rescue Vehicle

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

- Failure To Secure Ownership Interests In Jointly Purchased Equipment

By obtaining reimbursement of \$2,145 from the affiliated fire company for the proportional ownership interest in the jointly purchased vehicle and by executing a written formal agreement with the affiliated fire company that adequately secures its proportional ownership interest in other jointly purchased vehicles.

- Undocumented Expenditures

By providing adequate documentation to evidence the propriety of the undocumented expenditures that were made in the prior audit period.

- Failure To Maintain Surety (Fidelity) Bond Coverage

By maintaining surety (fidelity) bond coverage in an amount at least as great as the maximum balance of the relief association's cash assets.

- Unauthorized Expenditures

By receiving reimbursement of \$510 from the affiliated fire company for the unauthorized expenditures made in the prior audit period.

- Inadequate Financial Record-Keeping System

By establishing and maintaining a financial record-keeping system that allows the membership to effectively monitor the relief association's financial operations.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP
STATUS OF PRIOR FINDINGS

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has not complied with two of the eight prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

- Failure To Maintain A Complete And Accurate Cumulative Equipment Roster And Failure To Conduct An Annual Physical Inventory Of Equipment
- Improper Merger

We are concerned by the relief association's failure to correct those previously reported audit findings. The relief association management should strive to implement the recommendations and corrective actions noted in this audit report.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – 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 as it did not contain the names of suppliers (vendors), dates of purchase, cost of equipment, and locations of the equipment to accurately identify and locate 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.

A similar condition was noted in our prior audit report.

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 locations 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 despite the relief association being notified of these conditions during the prior audit.

Effect: Continued 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.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Recommendation: We again 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: We are concerned by the relief association's failure to correct this previously reported audit finding and strongly encourage timely implementation of the recommendation noted in this audit report.

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Improper Documentation Of Merger

Condition: The relief association did not properly document the merger with Temple Volunteer Firefighters Relief Association. Specifically, the relief association failed to provide evidence for the transfer of equipment previously owned by the former relief association. In addition, the relief association failed to re-title the vehicles acquired through the merger to reflect ownership under its name.

Criteria: Prudent business practice dictates that the relief association should properly document the equipment transferred from the former relief association. Additionally, to safeguard its ownership interests, the relief association should ensure that all vehicles acquired through the merger are properly titled in its name.

Cause: The relief association officials indicated that they were not aware of the finding that was issued in the prior audit report.

Effect: Without detailed documentation of the equipment transferred during the merger, the relief association is unable to verify that all equipment owned by the former relief association was properly transferred. In addition, failure to properly re-title the transferred vehicles impairs the relief association's ability to establish and secure its ownership interests.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Recommendation: We recommend the relief association obtain detailed documentation of the equipment and vehicles transferred during the merger. Additionally, the relief association should ensure that all transferred vehicles are properly re-titled in the name of the relief association to establish and secure its ownership interest. 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: We are concerned by the relief association's failure to correct this previously reported audit finding and strongly encourage timely implementation of the recommendation noted in this audit report.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Volunteer Firemen's Relief of Muhlenberg Township Governing Body:

Mr. Anthony Morganti
President

Mr. Lee Ludwig
Vice President

Mr. Jeffery Gilbert
Recording Secretary

Mr. Dante Caloiero
Treasurer

Ms. Diani Biehl
Financial Secretary

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP
REPORT DISTRIBUTION LIST

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

Ms. Jan Moore
Secretary
Alsace Township

Ms. Dawn Cieniewicz
Secretary
Muhlenberg 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.